

Syrian Forces in Lebanon Seem Likely to Remain Dug In

By James M. Markham

DAMASCUS — Syrian officials and Western diplomats here believe there is no likelihood that President Hafez al-Assad will accept the Israeli-Lebanese security agreement and withdraw his troops from Lebanon.

At the same time, many Arab and Western diplomats agree that Syria, while eager to avoid a full-scale confrontation with Israel, has been emboldened by the stepped-up military aid it has received from the Soviet Union and might welcome minor skirmishing in the Bekaa, Lebanon's eastern valley, to polish its image as a confrontation state.

Lieutenant General Mustafa Tlas, the Syrian defense minister, was quoted Friday as insisting that his forces' dispositions in Lebanon "are of a defensive nature."

"The style of Israel is traditional and well known," General Tlas

said. "It always consists in accusing others of preparing for war, in order to cover its own preparations for an aggression that it has already decided and prepared for."

The deputy commander in chief of the armed forces confirmed that Syrian fighters Wednesday "con-

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fronted" Israeli planes that he said had "violated the skies over Syrian troops." Israel said Syrian fighters had fired air-to-air missiles at Israeli jets but missed.

According to information obtained here and on a trip into the Bekaa, the estimated 40,000 Syrian troops in eastern and northern Lebanon are in a fairly relaxed posture.

This month Syria's 4,000-member 85th Motorized Infantry Brigade and the 1,400-man Hittin Brigade from the Palestine Liberation Army, both of which were with-

drawn from Israeli-besieged West Beirut last summer, were moved into Lebanon from Syria.

But Western military analysts here confirm General Tlas's contention that the overall Syrian disposition is defensive, noting that units have broadly taken advantage of the western slopes of the mountain range east of the Bekaa to dig in.

The same diplomatic analysts dismiss Israeli suggestions that Syrian troops might go on the offensive against the powerful Israeli force in Lebanon. But at a time when Syria is making a strenuous effort to win Arab support for its stand against the U.S.-sponsored security agreement, limited Israeli air strikes against Syrian units would underscore the point that Mr. Assad is standing defiant and alone against Israel.

"I have the feeling that the Syrians have their guns pointed west and not south in Lebanon," a Western diplomat said, suggesting that the Syrians were taking political aim at the frail government of President Amin Gemayel in Beirut. "To go and have an adult war with the Israelis — I don't see the point. I also don't think they would mind some small Israeli air strikes in the Bekaa."

While accounts from Washington suggest that the Reagan administration is counting on Saudi Arabia to press Syria to withdraw its troops from Lebanon, a senior adviser to Mr. Assad insisted that Saudi Arabia supported Syria's view that the agreement undermined Lebanon's Arab treaty commitments and posed a threat to Syria's security.

"We see it as completely pro-Israel," the Assad adviser said. "Until now, America is not thinking about the Arab world."

The Syrians regard the presence of their troops in Lebanon as a major card to be played in future negotiations for a Middle East settlement, which in their view would include an Israeli withdrawal from the Golan Heights and a resolution of the Palestinian question.

But particularly after the U.S. acquiescence in the Israeli invasion of Lebanon last June, Mr. Assad appears to have few illusions that the Reagan administration is about to address these concerns.

"I think the problem ever since last September has been American credibility," a West European envoy said. "What can the Americans deliver? I don't think that the Syrians are convinced that American credibility is any greater as a result of the Lebanon agreement."

A consensus among Western diplomats here is that by keeping his troops in Lebanon — and neutralizing a profoundly ambivalent Arab opinion — Mr. Assad hopes to render the agreement a dead letter, since Israel has said it will not

withdraw from Lebanon if Syria and its Palestinian allies do not also go.

For now Syria does not appear to envision more radical steps against the Gemayel government, such as halting traffic on the Beirut-Damascus highway, for which Damascus could lose Arab sympathy. But with a number of armed allies in Lebanon, the Syrians have a demonstrated capacity for heating up the situation there.

Though extremely risky for Syria, a major conflict with Israel would be almost certain to embolden the Soviet Union, particularly if the Israeli Air Force tried to knock out the newly installed Soviet-manned SA-6 batteries.

A Western envoy said in such a "worst-case scenario" Damascus would count on Moscow to be drawn into the diplomacy for ending the war, offsetting the influence of Washington.

WORLD BRIEFS

Gandhi Issues Appeal in Punjab

NEW DELHI (Reuters) — Prime Minister Indira Gandhi, on a visit to the troubled northern state of Punjab, said Sunday that extremists could wreck the country. "It takes a lot of effort and time to build a house, but seconds to destroy it," Mrs. Gandhi told a rally in the Punjab city of Ludhiana. "We must guard against such dangers and keep the national interest in mind."

The Press Trust of India news agency quoted Mrs. Gandhi as saying that leaders of a militant Sikh campaign for religious and political concessions from the central government appeared to have lost control of extremists who had resorted to acts of violence. A policeman was killed outside the holiest Sikh shrine in Amritsar and 21 people died in clashes with police during a road blockade in Punjab in April.

The government and police have charged that several wanted extremists, including the leader of a banned Sikh organization advocating armed struggle for a separate Sikh state, have been hiding inside the temple complex. Leaders of the Sikh Akali Dal party, which seeks greater autonomy for Punjab where most of the country's 12 million Sikhs live, say their campaign is peaceful.

Turkish Papers Report on Raid

ISTANBUL (AP) — A major Turkish military operation in southeastern Turkey was directed against Kurdish insurgents and Armenian terrorists hiding in northern Iraq, Turkish newspapers reported Sunday. Quoting official sources in the area, newspaper dispatches identified the armed groups as linked to bands that launched a campaign of terror against the central government in the years before the Sept. 12, 1980, military coup. The authorities have withheld full details on the operation. According to official announcements, Turkish troops spilled over into the Iraqi territory in pursuit of the armed groups based in the mountainous area. The attack reportedly had the approval of the Iraqi government.

New Party Being Set Up in Turkey

ANKARA (Reuters) — The son of one of Turkey's major political heroes announced Sunday that he was forming a new party, the fifth to emerge since the ruling generals lifted a ban on politics for November's general elections.

Erdal Inonu, son of the late former prime minister and president, Ismet Inonu, said: "Our party's program will have similarities with Social Democratic parties in the Western context, but we will also take the realities of our country into effect."

Mr. Inonu's party, expected to be officially registered shortly, is the second left-of-center group to be formed since the ban on politics was lifted last month.

Pope to Make Lourdes Pilgrimage

VATICAN CITY (AP) — Pope John Paul II announced Sunday that he will make a pilgrimage this summer to the Roman Catholic shrine of Lourdes in southwest France.

Speaking shortly after his weekly Angelus blessing, the pontiff said he would travel to the shrine of Our Lady of Lourdes on Aug. 15. Vatican officials said the pilgrimage, originally scheduled for July 1981 but delayed by the shooting of the pope in May 1981, would last 24 hours.

The one-day visit to France, which is to follow a trip to his native Poland next month, will be the pope's 19th trip outside Italy since his election in 1978. His last trip to France was a visit to Paris and Lisieux in 1980.

Irish Forum Opening Talks Today

DUBLIN (Reuters) — Politicians from both parts of Ireland will meet Monday in Dublin to begin discussing a blueprint for uniting the country and ending the centuries-old dispute between Protestants and Catholics. Delegations from the three main parties in the Irish republic and the moderate Catholic Social Democratic and Labor Party in Northern Ireland will attend the opening session of the new forum, Dublin's latest initiative on the Irish problem.

Leaders of the Protestant majority in Northern Ireland, who want to remain linked to Britain, are boycotting the forum after branding it a farce and an assault on the Protestant community.

Turnout Heavy in San Marino Vote

ROME (AP) — Officials in the tiny republic of San Marino reported a heavy turnout in Sunday's parliamentary elections as thousands of emigrants returned from the United States, France and other countries to cast their votes.

No results were expected before Monday morning, the government press spokesman, Roberto De Biagi, said in a telephone interview. There was no immediate indication whether the Communist-dominated coalition government would receive a new mandate in the face of a strong challenge by the Christian Democratic opposition.

The tiny city-state's electoral register of 21,000 includes 7,500 citizens living abroad. Mr. De Biagi said 3,500 emigrants, including more than 500 from the United States and 500 from France, had returned to San Marino, where absentee balloting is not allowed.

Bodies of 50 Ugandans Are Found

KAMPALA, Uganda (AP) — The bodies of about 50 Ugandans who had been shot, stabbed and slashed to death were discovered near a village north of Kampala, according to the daily Mumbo newspaper.

The newspaper reported Saturday that residents in the area said the bodies were dumped from an unmarked truck Tuesday at Musalita village in Mpiigi district, about 30 miles (48 kilometers) north of the Ugandan capital, Munnio. Munnio said the residents appealed to the authorities to bury the corpses, some of which were bound by the arms.

The area has been a stronghold of anti-government guerrillas. But last month the government said a major army offensive had driven them out. Ugandan Army soldiers have been accused by opposition leaders and church leaders of killing civilians while carrying out operations against rebels.

Soviet Crew Criticized as Unruly

MOSCOW (Reuters) — The Soviet Navy has had to deal with serious discipline problems among the crew of one of its strategic command ships, the cruiser Zhdanov, according to a magazine report.

An ideological journal, Communist of the Armed Forces, gave no details of the trouble on board the ship, which is based in the Black Sea, but it made clear it had caused deep concern among naval chiefs.

The author of the report, Rear Admiral A. Zimin, said there had been "deviations from the demands of our regulations and our moral norms" among the sailors and "flagrant violations of military discipline."

Spain Surrenders Coup Suspect

MADRID (Reuters) — The alleged leader of a coup attempt in Equatorial Guinea last May 10 or 11 has been handed over to the West African state after seeking refuge in the Spanish Embassy in Malabo, a government statement said.

Foreign Minister Fernando Morán López of Spain flew to Malabo, the main town on Fernando Po island in Equatorial Guinea, on Tuesday to negotiate a solution with Teodoro Obiang Nguema, the president of the former Spanish colony.

The statement issued Saturday said that Sergeant Venancio Mico, 23, was handed over the same day under guarantees that he would get a fair trial and would not be executed.

For the Record

TOKYO (AP) — Five more bodies were found Sunday along the shores of northwestern Japan, bringing the death toll from Thursday's earthquake and tidal wave to 54, with 48 people still missing, the police said.

MILDENHALL, England (UPI) — A Beechcraft (Mentor) T-34C trainer aircraft crashed Sunday at an air show at the U.S. Air Force base at Mildenhall in eastern England, killing the two civilian fliers.

MOSCOW (AP) — Foreign Minister Fernando Morán López of Spain, a Socialist, arrived Sunday in Moscow for talks he hoped "will promote a further development of Soviet-Spanish relations," Tass said.

BUDAPEST (AP) — A six-day conference on international affairs, bringing together legislators from around the world, is to open here Monday. It will be the first meeting of the Interparliamentary Union in a Soviet-bloc country.

REYKJAVIK (UPI) — A glacier-covered volcano erupted Sunday, threatening to melt part of Europe's largest glacier and to cut the main road between eastern and western Iceland.

MAPUTO, Mozambique (Reuters) — President Samora Machel of Mozambique has taken over the Defense Ministry in a cabinet reshuffle, according to a communiqué.

Allies Want U.S. to Build and Store A Neutron Shell, Official Reports

By Walter Pincus

WASHINGTON — Britain, West Germany and Italy, which have publicly refused deployment of U.S. neutron weapons on their soil, have asked the United States to produce a new 155mm neutron artillery shell, according to testimony given to Congress.

The three European allies want the United States to build this smallest of the new generation of short-range, battlefield nuclear weapons so that the F3-70 cannon being developed by the three "can be nuclear-capable," according to Herman E. Roser, assistant secretary of energy for the nuclear weapons-building program.

A declassified transcript of his remarks March 8 in a closed session of a House Appropriations subcommittee was released recently.

[The Pentagon denied Sunday that the three countries had asked the United States to produce a neutron artillery shell. Reuters reported from Washington. A spokesman said the three allies had asked for improved 155mm shells but that no decision had been made on whether they should carry neutron warheads.]

A congressional source said Friday that the Reagan administration had been telling Congress recently that the three nations "are depending on us to come forward" with the new nuclear shell because the old 155mm nuclear shells "don't fit in their new cannon."

The three have older, U.S.-made guns that can fire the almost 20-year-old 155mm nuclear shells stockpiled in Europe. The warheads are under control of U.S. Army custodial teams and cannot be turned over to other nations for

use without specific authority from the U.S. president.

Under NATO agreements, the United States will not release nuclear warheads for use in Europe without permission of the nation from which the warheads would be fired.

Neutron weapons are small hydrogen bombs that produce radiation as their primary killing mechanism, theoretically causing less damage away from the immediate battlefield than older nuclear shells whose main energy production involves blast and heat.

As with other neutron weapons, the Europeans want the new shells to be stored in the United States until the military situation requires them or the political situation allows them to be transported to Europe, according to government sources.

Although proponents of neutron weapons say these arms would be less destructive than older nuclear shells now deployed in Western Europe, European public opinion has been strongly opposed to them.

The administration is launching a new push for congressional approval of the 155mm shell, the third type of neutron weapon and one it plans to acquire in the largest numbers. Of the first two types, both rejected by the three allies, about 300 Lance missile warheads have been built and stored, and production of about 1,000 8-inch neutron shells is under way.

Last week, the Office of Management and Budget sent congressional appropriators an amendment to the fiscal 1984 budget request adding \$47.5 million to help prepare for production of the 155mm shell. In its letter, according to congressional sources, the budget office said the neutron shell was being produced "for eventual deployment in Europe."

For the last two years, Congress has turned down production funds. One sticking point has been the cost — more than \$1 million apiece — and another is growing congressional opposition to short-range battlefield systems that Europeans do not want stored or used on their territory.

The buildup of new short-range neutron weapons occurs as NATO is preparing to announce a unilateral reduction in its European stockpile of more than 6,000 older nuclear battlefield weapons.

After four years of study, a NATO defense subcommittee recommended that as many as 1,000 stockpiled nuclear anti-aircraft warheads and atomic demolition munitions be retired. The group is also studying ways to reduce the almost 3,000 155mm and 8-inch nuclear shells in Europe.

Short-range, neutron battlefield weapons are one part of NATO's nuclear modernization program. The other weapons are the U.S. medium-range Pershing-2 missile and ground-launched cruise missiles. Deployment of both is to begin in Western Europe in December.

His statement said the summit participants would head this request and were mindful of "the circumstances and concerns of the poorest nations who need our cooperation most."

East Germany Moves Against Pacifist Group

By Paul Bolding

BERLIN — East Germany's expulsion of 16 young Christian pacifists from the southern city of Jena is intended to weaken the country's small unofficial peace movement, Western diplomats said here Sunday.

It could also foreshadow a new clampdown in case the Warsaw Pact decides to deploy new missiles in Eastern Europe, as the Soviet Union hinted Friday night, they said.

The pacifists, sent to Bavaria and West Berlin in the last 10 days, included most members of a group of 14 disarmament campaigners who spent several weeks in jail for their activities at the beginning of the year, the diplomats said. The campaigners were freed in February after a West German press campaign on their behalf.

They were among the most vocal members of the small movement, which is critical of rearmament by East and West and whose activities are circumscribed by the East German government. The official peace council centers its activities on countering the North Atlantic Treaty Organization's plans to deploy medium-range nuclear missiles in Western Europe.



Navy pallbearers carry the casket containing the body of Commander Albert A. Schaffelberger, assassinated in San Salvador, on its arrival Friday in Virginia Beach, Virginia.

U.S. Role in Latin America Grows

(Continued from Page 1)

binding policy statement by the Senate Foreign Relations Committee last week, members of the intelligence committees said Mr. Enders and William J. Casey, the director of central intelligence, privately predicted the Sandinistas would be overthrown by the end of the year.

The two officials denied making the forecast, but steps were under way on Capitol Hill to reach a new agreement to control covert activity in Central America.

The United States has also been increasing its intelligence-gathering activities in the region. U.S. Air Force reconnaissance C-130s from Howard Air Base in Panama have

been flying over El Salvador to check on rebel activity. Panamanian leaders complained that the intelligence activities and use of country as a staging base for military shipments to El Salvador threatened to undermine Panama's standing with its neighbors.

Also last week, the administration issued a white paper reiterating its charges of Cuban and Nicaraguan links to subversive efforts being carried out in El Salvador, Honduras and Costa Rica. The Nicaraguan junta, for its part, extended its suspension of constitutional freedoms for a year, blaming "aggressive covert acts by the CIA."

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PLO Rebels Take Supply Depots

(Continued from Page 1)

duel of Damascus. But reporters who visited one of the seized camps outside the Syrian capital saw no signs of Syrian involvement, and were warned away by what seemed to be Palestinian fighters.

Mr. Arafat was reported Sunday to be around Baalbek in the Bekaa valley, where he has been visiting Palestinian units almost nonstop since Colonel Musa's mutiny started. Fatah informants said the organization's Revolutionary Coun-

cil, its broadest policy-making body, would meet Monday to ponder the crisis.

The rebels have demanded the convening of an extraordinary general congress "to create a real revolutionary organization," a committee to look into alleged corruption among the leadership and the return to the Bekaa of radical officers dispatched to Tunisia by Mr. Arafat.

It is not clear how Mr. Arafat will deal with these demands, but it is perhaps significant that the reb-

els have so far not been expelled from Fatah. So far his immediate response to the rebel pressure has been to adopt a more militant-sounding line, warning repeatedly that war and an Israeli attack in the Bekaa are imminent.

Abu Iyad, a close Arafat associate and a member of Fatah's central committee, will travel next week to Moscow in what was called "the consolidation of the existing relations between the organization and the Soviet Union."

Some of the rebels come from a pro-Soviet faction within Fatah.

Soviet Warns It Might Put A-Arms in Eastern Europe

(Continued from Page 1)

merely propaganda against the deployment or if they constitute Moscow's actual strategic policy.

Although there have been hints and speculation about possible introduction of new Soviet weapons into Eastern Europe in response to the NATO missile deployment, Friday's statement for the first time explicitly raised such a course of action as one of the steps contemplated by the Russians.

The Soviet Union has never deployed its nuclear arms on foreign soil, although it did attempt to do so in Cuba in 1962.

The U.S. response marked the latest round in the war of words over missile deployment in Europe. Last Thursday, President Ronald Reagan said a go-ahead on deployment of the medium-range missiles is necessary to push the Soviet Union into negotiating seriously on nuclear arms limits.

In Brussels on Saturday, a NATO spokesman said that the new Soviet comments would hamper the Geneva negotiations on limiting medium-range missiles in Europe.

"They do not contribute to a favorable political climate," the spokesman said.

U.S. and NATO officials also

said they saw the latest Soviet statement as an overt attempt to influence the economic summit talks that began Saturday in Williamsburg.

There had been hints that the missile controversy would be discussed by President Reagan and Chancellor Helmut Kohl of West Germany, although the Bonn government on Friday denied that Mr. Kohl would broach the issue with Mr. Reagan.

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Change by Democrat Helped Save MX

By Michael Getler

WASHINGTON — An irony of President Ronald Reagan's MX victory in the House last week is that the pivotal figure on the administration's side was not a senior Republican but a liberal Democrat who made his first mark in Congress as a Pentagon critic.

Representative Les Aspin, 44, Democrat of Wisconsin, is a sharp-minded, glib former Pentagon "whiz kid" with a master's degree from Oxford and a doctorate in economics from the Massachusetts Institute of Technology who was elected to Congress 13 years ago.

Last Tuesday, on the eve of the House vote, Mr. Aspin quoted Mr. Aspin at length in a signed article in *The Washington Post* in support of the MX intercontinental ballistic missile, a testimonial to the importance of Mr. Aspin's voice and to his transition from maverick to man of the center on arms questions.

"Aspin carried a lot of intellectual water for us," a White House aide said.

Mr. Aspin was sharply criticized by some Democrats for the position he took on the MX and he

agreed in an interview that the decision to support the president on the missile represented a unique and risky experiment for liberals like himself.

But it would have been worse for the Democrats and for achieving arms control agreements with Moscow to oppose the president at this time, Mr. Aspin said.

Mr. Aspin described the vote on the MX as part of a bargain. What the president got was the missile; what he gave was a far more explicit pledge than before to seek arms agreements with the Soviet Union.

The MX, Mr. Aspin said, may well give Mr. Reagan the "leverage" to succeed in those talks.

He agreed that he and other Democrats who supported the MX could wind up with egg on their faces if the bargain with Mr. Reagan fell through. Once started, big weapons systems are hard to stop, Mr. Aspin said, and there is no guarantee that Congress will stop the MX in future funding votes if the president fails to fulfill his promises on arms control.

"What really is going on is a difficult experiment," Mr. Aspin said. "We've had experiments before, like the Social Security Commis-

sion, where you have a bargain between the legislature and the executive. But it's usually a one-shot deal, where they come together for one vote, one piece of legislation, Democrats and Republicans.

"But what you are talking about here" in the arms field, where almost any action takes many years, "is something that has to continue over several congresses and several administrations. I don't know of anything that's been done like this before, where you are talking about a deal that you're trying to hold together over such a period of time."

As to the genuineness of the president's intentions, Mr. Aspin said "we are about to find out" in a first test as Mr. Reagan studies changes in the U.S. negotiating position at the strategic arms reduction talks with the Soviet Union scheduled to resume in Geneva on June 8.

Several such changes, along with deployment of 100 MX missiles now and work on a new and less threatening small missile for the future, were all recommended earlier this year by a bipartisan presidential advisory commission headed by retired General Brent Scowcroft. Mr. Reagan named the

commission when Congress rejected the MX last winter and has endorsed all its recommendations.

Mr. Aspin said he had voted for the MX for three reasons.

First, he said, he believes it will help Mr. Reagan bargain with Moscow because the combination of the highly accurate MX and the Navy's new Trident-2 missile poses a serious long-term threat to Moscow's land-based missile force, and maybe the Russians "will be willing to make some accommodation to that."

"The second reason," he said, "is that I'm convinced it would be a bad position for the Democrats to be against the Scowcroft commission recommendations, if MX had lost because Democrats had opposed it, then comes November 1984, [and] Ronald Reagan can say, 'Well, I certainly might have gotten an arms control agreement, but the Democrats in the House didn't give me the tools I needed.'"

With those Scowcroft recommendations approved, Mr. Aspin said, Democrats can hold Mr. Reagan accountable.

The third reason, Mr. Aspin said, "is that this damn thing isn't going to go away. Big weapons like



Les Aspin

this don't go away. Even if you had the votes to kill it now, a year or two from now the Russians will do something like invade Afghanistan and the right wing will ride back into town saying that the Soviets did it because they feel emboldened and politically daring because they've got an advantage on us. And bang, we're back to building MX and God knows what else and at what cost, and we'd probably wind up with 200 or 300 rather than 100."

Siege's End Offers Brief Reprieve To a Border Town in Nicaragua

By Christopher Dickey

Washington Post Service

JALAPA, Nicaragua — Siege-weary residents clustered at the doors of their houses to watch the first convoy of traffic to make it in or out of this small town since an ambush by anti-Sandinist rebels cut the roads almost three days before.

The latest siege appeared to be over by last Wednesday, but few of the 11,000 people in this town near the Honduran border saw it as other than a brief reprieve.

This was the third time in a month that the only road here has been cut for days at a time; the third time since December that rebels of the Nicaraguan Democratic Force under the command of Pedro Pablo Kuczynski, a former Nicaraguan National Guard sergeant known as "Suicide," have launched a major push in the area.

In Managua, the end of the fighting here and the reopening of the road was presented as a great victory. "Beasts on their way back to Honduras," read the banner headline on one of Friday's Sandinist dailies.

While most of the rest of Nicaragua talks about war but lives in peace, this province of Nueva Segovia is deep in the middle of fighting that is part feud, part civil war and partly what the Sandinists claim it is, an outside aggression. The Sandinists say they had lost 23 men in the latest fighting here and killed 95 "counterrevolutionaries," as the rebels are called. Officials estimate that the *contra* force that has made Jalapa its strategic target numbers 1,200 troops. Estimates of the total number of rebels range from 4,000 to 10,000.

Suicide, 32, and some of his commanders were straightforward about their objectives for this area when they were interviewed in March just before the current push. Jalapa, which lies in the center of a broad valley, has three of the few air strips in this mountainous region. It is a 20-minute drive from the Honduran border.

If Jalapa could be taken and held even for a few days, Suicide's men said, the arms that now have to be carried in on mules or on trucks in the backs could be flown in or trucked in. If Jalapa could be held longer, then Nueva Segovia might be declared liberated territory, and international support could be openly solicited. The rebels already receive material support from the United States.

Last week's fighting came to within two miles (3.2 kilometers) of Jalapa, at a settlement east of here known as El Carbon. In one action May 22, the rebels ambushed a military convoy that included a group of U.S. journalists. But the rebels

never attacked the town. Rather, the action seemed a probe, another strike to wear down resistance.

With the fighting over for the moment and the road open, men and women in broad straw hats went back to work in the rich tobacco fields that surround the town. Children trudged off to school. Even the ban on beer sales was lifted.

Residents were exhausted from several nights of "revolutionary vigil," which consists of sitting in their doorways with whistles to blow if strangers pass. Now they sat nodding over their bottles in what passes for a local hotel.

The 45 beds in the town's hospital were full last Monday, according to its director, a 23-year-old medical student. By Wednesday, when the first cars entered the town, the dead and the seriously wounded had been flown out.

But the tension is unrelenting. The sound of distant gunshots mingles with the crowing of roosters at first light almost every morning. Always there are men with guns around, most often the militia troops in their ragged brown shirts standing among other peasants in the fields, or bivouacked in the huge clapboard tobacco barns.

Some of the militia were staking out the dirt highway, where jeeps and trucks race past in an attempt to make a more difficult target for rebel snipers or mortar fire from the hills.

Jalapa's walls are covered with posters and pages torn from Sandinist newspapers recalling atrocities committed by the deposed dictatorship and its soldiers, some of whom, like Suicide, now lead the rebels.

Lucia Serrano, 61, looks out on

these walls from her house. She is obviously frightened. "Nobody knows what they would do with us," said Mrs. Serrano, then added thoughtfully, "They would take our lives." She and her family fled from their mountain farm about four months ago to get away from the rebels.

"The people who are here are here to stay," said Sister Lisa Fitzgerald, an American who is a Maryknoll missionary. But Jalapa's only defense is a trench guarded every night by men, women and sometimes children as young as 13.

First Lieutenant Nestor López of the Sandinist Army told reporters that army troops are deployed in this area, along with units from the militia, the Interior Ministry, the border patrol and a 1,200-man battalion of reservists. He asserted that the rebels operate entirely out of Honduras.

Here and in other towns of the region even Sandinist sympathizers said they believed there were people among them who back the rebels and a much larger group that would rather remain neutral. Neutrality, however, is an increasingly difficult option to exercise here.

U.S. Evangelical Groups Debate Ethics of Nuclear Arms

By Russell Chandler

Los Angeles Times Service

PASADENA, California — For the first time since the splitting of the atom, a large, representative group of evangelical Protestants has met to wrestle with the moral implications of the nuclear arms race.

No position statements were issued at the three-day conference, called "The Church and Peacemaking in the Nuclear Age."

But the gathering here, which ended Saturday, was attended by 1,400 evangelicals and represented a "major rethinking" of Protestant views on war and disarmament, conference organizers said.

And it placed the evangelical wing of U.S. Christianity squarely in line with the emphasis on peacemaking that is broadly visible throughout the American religious community.

Unlike the Roman Catholic bishops in the United States, who early this month issued a letter opposing nuclear weapons, and unlike the National Council of Churches and many mainline Protestant denominations, which also have announced stances on nuclear arms and peacemaking, the evangelicals have been too diverse in view and too loosely organized to seek a consensus on the matter.

Critics of the gathering, which was organized by 41 evangelical groups, said the conference did not

offer a balanced presentation of views.

Conference leaders denied that contention, although several acknowledged in interviews that the workshops predominantly leaned toward pacifist beliefs.

Billy Graham, the evangelist, who in recent months has spoken out strongly against the arms race, sent a telegram backing the conference but saying that other obligations prevented him from attending.

Jerry Falwell, leader of the fundamentalist Moral Majority group, was not invited to participate. He has announced a campaign supporting President Ronald Reagan's nuclear policies and has criticized those he has labeled as nuclear "freemasons."

Those attending the conference tended to be young, white, and well-educated.

Ronald J. Sider, a pacifist and theology professor at Eastern Baptist Seminary in Philadelphia, said he estimated that perhaps one-third of evangelical Christians would support a freeze on levels of nuclear weapons.

Mr. Sider's proposal at the conference that a civilian-based, non-violent peacekeeping force be established was well-received both by advocates of pacifism and by people opting for "peace for strength," including General Robert Mathis, former vice chief of staff of the

U.S. Air Force and a conference speaker.

Mr. Sider said that 75 percent to 80 percent of the population would have to vote for his civilian-based defense concept to make it feasible. He also said that such a force would be costly.

Most of the participants appeared to approve when Jim Wallis of Washington, D.C., who had been jailed earlier in the week for leading a prayer protest for peace in the Capitol Rotunda, said: "The nuclear arms race is a bery, a blasphemy, a sin against God."

He added: "A new abolitionist movement is beginning, a new stage in the formation of a movement of Christians committed to the abolition of nuclear weapons."

Mr. Wallis, editor of *Sojourners* magazine and a leader of an evangelical social action group, said the conference showed that "more and more church people are willing to make deep personal sacrifices and

take risks — even to face arrest and go to jail — to end the arms race."

One of 242 people charged with unlawful conduct in the demonstration against the MX missile in the Capitol building last week, Mr. Wallis said the growing religious opposition to nuclear arms "will require a movement of conscience at least as strong as the abolitionists or Gandhi's struggle to free India."

But he said that the conference "legitimizes the threat of nuclear war as a matter of faith. We all say this question is so important that it can't be left alone. This is not just a political issue; this is an urgent matter of faith for a biblical people."

Senator William Armstrong, a Colorado Republican, took a different approach, suggesting that President Reagan's effort to "defend our homeland" from nuclear attack is the only morally defensible alternative to nuclear holocaust.

the council's approval before the deadline of Wednesday, negotiated a compromise that gives the council more control over the funds than in any recent city administration.

In return, the 50 aldermen settled for the authority to review

only grants and contracts larger than \$50,000.

Edward M. Burke, one of 29 dissident aldermen who have reorganized the council to reduce the recently elected mayor's influence over legislation, said the agreement marked "the re-emergence of the council as a powerful force."

Chicago Mayor, Council Reach Agreement on Funds

New York Times Service

CHICAGO — Mayor Harold Washington and the City Council have reached their first agreement in a three-week-old feud by approving a plan for allocating \$147 million of federal community development funds.

The mayor, in rushing to secure

the council's approval before the deadline of Wednesday, negotiated a compromise that gives the council more control over the funds than in any recent city administration.

In return, the 50 aldermen settled for the authority to review

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South African Border Slowdown Seen to Pressure Lesotho on ANC

By Joseph Lelyveld
New York Times Service

JOHANNESBURG — South Africa slowed down traffic Friday at its main border post with Lesotho, showing that its arsenal of measures against states that harbor personnel of the underground African National Congress includes economic as well as military weapons.

The border post, at a Caledon River bridge, is the main link between landlocked Lesotho and the outside world.

The slowdown appears to have started Thursday afternoon, shortly after a bomb exploded under a car in Bloemfontein, a South African city that is only 80 miles (128 kilometers) from Maseru, the Lesotho capital. No one was injured in the blast, but it came just six days after a car-bomb explosion in Pretoria that killed 19 persons and wounded about 200.

A major traffic jam was said to have developed at the border as police on the South African side thoroughly searched every vehicle. The police explained that they were short-handed at the border because of the "terrorist threat" South Africa is facing. However, a government source later confirmed that the border slowdown was designed to remind Lesotho of South Africa's unhappiness over the continued presence of members of the African National Congress in the country.

Lesotho, a small, impoverished country, depends heavily on South Africa, which surrounds it. About 40 percent of Lesotho's gross domestic product is derived from the wages of migrants who labor on South African gold mines and farms.

The incipient crisis on Lesotho's border comes at the end of a three-week tour by its prime minister, Chief Leabua Jonathan, of Communist nations that included China, North Korea, the Soviet Union and Bulgaria. In Beijing, in a move that obviously displeased South Africa, he broke his government's ties with Taiwan and formally recognized China.

South African security officials have been charging for two years that Lesotho is allowing itself to be used as a "springboard" for attacks by black South African rebels. Lesotho, for its part, has complained that South Africa is allowing a group of insurgents called the Lesotho Liberation Army to use its territory for cross-border attacks.

South African soldiers crossed the Caledon River on Dec. 9 and attacked residences used by the ANC, killing 42 persons. The underground said the car-bomb explosion in Pretoria last week was a reprisal for that raid. South Africa then responded with an air raid Monday on supposed ANC installations in Maputo, the Mozambique capital.

South Africa's state radio reported Friday that the ANC had claimed responsibility for Thursday's bombing in Bloemfontein in a call to its offices there from Lesotho. But there was no independent confirmation that the outlawed movement had been behind the blast. Last weekend the ANC stressed that its attacks would be aimed mainly at members of South Africa's armed forces. The Bloemfontein explosion, which occurred during the lunch hour, was not near any military installation.

About 120 members of the ANC were reported to have flown out of

Maseru following the December raid by South Africa. But it was never clear that they left Lesotho, which says it is ready to take in refugees from South Africa as long as they are not guerrillas.

Aside from its overland and air connections to South Africa, Lesotho's only links to the world are flights to Swaziland, Botswana and Mozambique — five a week, in all.

Meanwhile, in Swaziland, another landlocked black state that is heavily dependent on South Africa, the ANC became the object Thursday of a police crackdown in which at least two persons were arrested and a cache of arms reportedly was seized.

And in South Africa, a campaign seems to have begun to make the civilian population conscious of the security measures that may be necessary to deal with the threat of urban bombings. A television broadcast Wednesday used film clips from Northern Ireland in what was presented as a preview of the kind of measures that may soon become necessary.

Pretoria, Maseru Plan Talks
The foreign ministers of South Africa and Lesotho plan to meet for talks on Lesotho's relationship with the African National Congress, a South African spokesman said Saturday in Johannesburg, according to a Reuters report. On Friday, Lesotho's Foreign Minister protested to South Africa about the slowdown at the border crossing. An aide to Foreign Minister R.F. Botha said that Mr. Botha had agreed to meet later this week with Foreign Minister Evaristus R. Sekhonyana to ask him what Lesotho had done "to get rid of ANC elements."

Rhine, Moselle Valleys Hit by Record Flooding

The Associated Press

COLOGNE — Cold, muddy waters isolated towns, knocked out power and ravaged vineyards Sunday in West Germany's worst flooding in decades.

Hundreds of homes and shops were inundated in the second major flood in barely six weeks and the third this year. Damage was still being assessed but was estimated in the millions of marks. Dark clouds hung over the country Sunday, but weather forecasters said the worst was over after a week of relentless rains.

At least 11 deaths were blamed on the flooding, including those of six persons killed when an express train hit a mudslide and jumped the tracks last week outside Cologne.

Cologne's Old Town district was turned into a "little Venice" on Sunday as the murky Rhine River reached a record level of

9.9 meters (32½ feet), breaking the 9.84-meter mark set April 13. Conditions were even worse in the Rodenkirchen district of Cologne, where "many houses are just islands," said Reinhard Vogt, a flood control official.

"But the people are already accustomed to it and know better this time how to react," Mr. Vogt said. "People are leaving their stuff behind. They probably learned from their experience a few weeks ago."

There were no reports of evacuation orders, but many residents left their homes voluntarily or temporarily moved to the upper floors of their buildings.

People paddled through streets in rowboats in the hardest-hit areas along the Rhine and the Moselle River. Volunteers in boats also ferried food, newspapers and emergency supplies to people who were cut off by the floodwaters.



Days of heavy rains left Cologne's Old Town under floodwaters Sunday.

Telephones and electricity were out of service in many areas, authorities said.

In Bonn, floodwalls and sandbags kept the waters from flooding the U.S. Embassy and the Building Ministry.

Authorities declared a disaster in the Moselle Valley, where floodwaters left streets and roads alongside the river impassable.

Flood Kills French Boy
A 5-year-old boy died on Satur-

day after falling into the swollen Aujon River north of Dijon, France, officials in Paris told Reuters on Sunday. Evacuations and other emergency operations took place in flood-stricken areas of eastern France.

Tyrolean Assert German Ethnicity in Italian Campaign

By Henry Kamm
New York Times Service

BOLZANO, Italy — "I, too, feel Austrian," said the president of the northern Italian province of Bolzano, known in German as the autonomous province of Bozen-South Tyrol. "Even today, Austria is our fatherland and Italy our state. I don't feel Italian."

The president, Silvius Magnago, 69, was defending himself against campaign attacks from the opposition. Together with the rest of Italy, the people of the province will elect a new Parliament in Rome on June 26 and 27.

Campaigning is active throughout this prosperous Alpine province, which the victorious powers of World War I detached from Austria in 1919 and incorporated into Italy as a reward for Rome's joining the war against its German and Austrian allies in 1915.

But unlike the rest of Italy, where the campaign turns on the issue of which of the national political organizations will form the next government, the parties and their leaders are hardly mentioned.

At issue here is political control over the German-speaking majority, 280,000 of a total population of 430,000. Ethnic Italians number 123,000. The rest are mainly Ladin, a mountain people descended from the non-German original inhabitants.

Mr. Magnago, who lost a leg in the service of the German Army in World War II, is the uncontested leader of the South Tyrolean People's Party, which represents the interests of the great majority of the ethnic German population, a traditional, Roman Catholic people.

The party has four seats in the Chamber of Deputies and three in the Senate.

For the first time, the party's right to be the sole representative of the Tyroleans, as only those of German culture are called, is being challenged.

"We are living in a purely colonial situation," said Eva Klotz, 31, a high school teacher. She is one of the candidates presented by the Heimatbund party, an even more German-nationalist group running against the People's Party. "I am unfortunately an Italian citizen, whether I want to be or not."

The Heimatbund wants self-determination for the province rather than the large measure of autonomy that has been negotiated for it since World War II.

The first step toward self-direction was an agreement between Italy and Austria that was annexed to the peace treaty of 1947 between Italy and the Allies. The second was an autonomy statute negoti-

ated between the Tyroleans and Rome in 1972.

Tyrolean autonomy requires public employees to be bilingual. Education is in German through high school for those who wish it. All public jobs must be apportioned by nationality, with 65 percent reserved for those who declare themselves German.

"Autonomy is revocable," said Miss Klotz, advocating the demand for a free state as a beginning, with the wish that Austrian Tyrol will find a way for reunification of the divided land.

"Surely the border drawn in 1919 is one of injustice," Mr. Magnago said. "Most South Tyroleans want to be back where they belong. But this is not realistic, because today you cannot change boundaries in Europe. We do not surrender the right to self-determination, but it is utopian to pursue this now."

The People's Party is focusing on

speeding financial contributions from Rome and putting into effect unfulfilled provisions of the autonomy statute, particularly the right to trials and police questioning in German.

The province's ethnic Italians feel as though they are a minority group in their own country. An Italian editor said that the neurological clinic of a hospital completed two years ago had not opened because of the lack of an ethnic German to be its chief.

The problem of the Italians is most acute in this city. Mussolini created an industrial zone and populated it with Italians, refusing jobs to Tyroleans. In the villages and smaller towns, Italian is hardly heard, and the national Italian newspapers are rarely available.

"Ask the owner of the White Cross Inn," a village innkeeper said when asked for a newspaper. "His wife is Italian."



Sam Nujoma of the South-West Africa People's Organization takes notes during a Security Council debate on Namibia. To his left, in glasses, is Paul Lusaka of Zambia.

Africans at UN Condemn Pretoria On Namibia; Sanctions Unlikely

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, New York — A long line of African foreign ministers and diplomats came to the Security Council last week to condemn South Africa and its control over South-West Africa (Namibia).

Nearly every envoy made the same points on the territory: Five years have passed since the council agreed on a plan to give Namibia its independence, but South Africa is still in charge, and the council must act now to punish Pretoria through an embargo on trade with South Africa.

But the Africans knew, as several acknowledged, that there was little prospect that the council would impose sanctions. The United States and Britain would veto any move against trade, although both did vote for an embargo on arms in 1977.

The more outspoken Africans directly attacked the United States of blocking independence for Namibia by tying it to a withdrawal of Cuban troops in Angola. The more moderate did not single out the Reagan administration, but said they deplored Washington's insistence on linking independence for Namibia to the withdrawal of Cuban troops from Angola.

The debate is scheduled to end

this week with a resolution that calls on Secretary-General Javier Pérez de Cuellar to consult South Africa and the guerrillas fighting for independence, the South-West Africa People's Organization, to carry out the council's plan.

Some Western diplomats said they were surprised at the restrained tone that many Africans took toward the United States, since Washington had not only linked the issues of independence and the Cubans, but had also taken the leading role in negotiations with Angola and South Africa. As a result, they said, there had been expectations that Washington would be criticized almost as much as Pretoria.

But many Africans believe the best prospect for a relatively peaceful transfer of power in Namibia lies in the influence the United States can bring on South Africa. Zaire's foreign minister, Kamanda Wa Kamanda, did not point to the United States, but talked of the so-called Western contact group, which comprises the United States, Britain, West Germany, Canada and France.

Mr. Kamanda asked whether the group's plan, announced five years ago, for elections supervised by the United Nations, was "designed to full the vigilance of Namibians and Africa, if not to hoodwink them."

The leader of the guerrillas, Sam

Nujoma, was more critical. He charged that the Reagan administration had "publicly embraced" "as a friendly ally" of South Africa "the suffering of our people for the sake of the global ambitions of the U.S. How selfish and how hypocritical that is."

In response, Jeanne J. Kirkpatrick, the chief U.S. delegate, insisted that Washington was devoted to Namibia's independence.

She did not address the linkage issue, saying, "We share the concern that the factors relating to the regional situation in southern Africa, outside the scope of the mandate of the contact group, have not yet permitted implementation of the UN plan." Diplomats interpreted her remarks to mean that it is unfortunate the Cuban troops are still an obstacle to a settlement. The council is one of the few UN bodies that will still hear South Africa. Its delegate, Kurt R.S. von Schirnding, spelled out what Mrs. Kirkpatrick implied, saying, "There is an unquestionable de facto linkage between the withdrawal of Cuban forces from Angola and the settlement of the South-West Africa question."

South Africa, he went on, will "not permit surrogate forces to influence developments in our region, and we shall not tolerate the expansion of Soviet imperialism on our borders."

The Angolan foreign minister, Paulo Teixeira Jorge, told the council that his country "rejects most categorically this so-called linkage."

8 Slain, 40 Hurt In Riots in India

The Associated Press

NEW DELHI — Eight persons were slain and 40 injured in night-long clashes between Hindus and Muslims in the southern Indian city of Hyderabad, the police said Sunday.

Rioting and arson flared in Hyderabad, capital of Andhra Pradesh state, late Saturday when a Hindu wedding procession was attacked with brickbats by some Muslims who took offense at the playing of music in front of a mosque, the police said.

Police used tear gas and later opened fire to scatter clashing groups, according to the Andhra Pradesh chief minister, N.T. Rama Rao. At least one person was reported wounded by police gunfire.

Algeria and Morocco To Reopen Air Links

The Associated Press

ALGIERS — Scheduled air services between Algeria and Morocco will be reopened early next month for the first time since the two Arab neighbors broke relations seven years ago.

A joint communiqué issued Saturday following a three-day visit to Morocco by the Algerian interior minister, Mohammed Yala, described the visit as an important step toward the gradual normalization of relations disrupted in 1976 by the guerrilla war in the Western Sahara.

The board also decreed that the chairman "shall not act as a spokesman for the NAACP" and took from Mrs. Wilson the traditional honor of giving the keynote address at the NAACP's national convention, which this year is scheduled to start July 11 in New Orleans. The vice chairman of the board, Kelly M. Alexander Sr. of Charlotte, North Carolina, who called Saturday's meeting, will give that speech.

The action on Saturday grew out of power struggle in the United

States' oldest and largest civil rights organization. The group's membership has declined in recent years.

Speaking after the meeting to a cheering crowd outside the headquarters building in Brooklyn, Mr. Hooks, 58, a Baptist minister and lawyer from Memphis, Tennessee, said that he considered himself vindicated.

"I hold no animosities. I bear no grudges. Revenge, and what we call in the South 'getting back,' is not a part of my character," Mr. Hooks said. Mr. Hooks succeeded Roy Wilkins as executive director in 1977.

Mrs. Wilson, a St. Louis lawyer who has been board chairman since 1975, did not attend the meeting and was not available for comment. The meeting was called shortly after she notified Mr. Hooks on May 18 of his indefinite suspension.

She alleged that he had been insubordinate, conducted himself improperly and failed to cooperate with her efforts to obtain undisciplined information about organizational operations.

Major General Farouk Noureddin, security director of the southern province of Aswan, said Saturday that the crew members had been detained and were being charged with negligence.

Crew on Nile Steamer Accused of Negligence

The Associated Press

CAIRO — Thirty-eight crew members of the Nile steamer that caught fire and sank last week, killing as many as 300 people, have been arrested.

Major General Farouk Noureddin, security director of the southern province of Aswan, said Saturday that the crew members had been detained and were being charged with negligence.

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New Focus Urged in U.S. High Schools

Mastery of Subjects
Called For in Report

By Gene I. Macroff
New York Times Service

NEW YORK — America's high schools cannot be seriously improved without totally revamping them, shifting emphasis from "dustful attendance" to mastery of subject matter, according to a report co-sponsored by the National Association of Secondary Schools and the National Association of Independent Schools.

The report will be released late this year, but a preview will appear in an article by Theodore R.Sizer in the June issue of The Phi Delta Kappan, a journal devoted to issues in elementary and secondary education. Mr. Sizer is a former dean of the Harvard Graduate School of Education and a former headmaster of Phillips Academy in Andover, Massachusetts.

A report last month by the National Commission on Excellence in Education, sponsored by the U.S. Department of Education, said high schools were in danger of being submerged by a "rising tide of mediocrity."

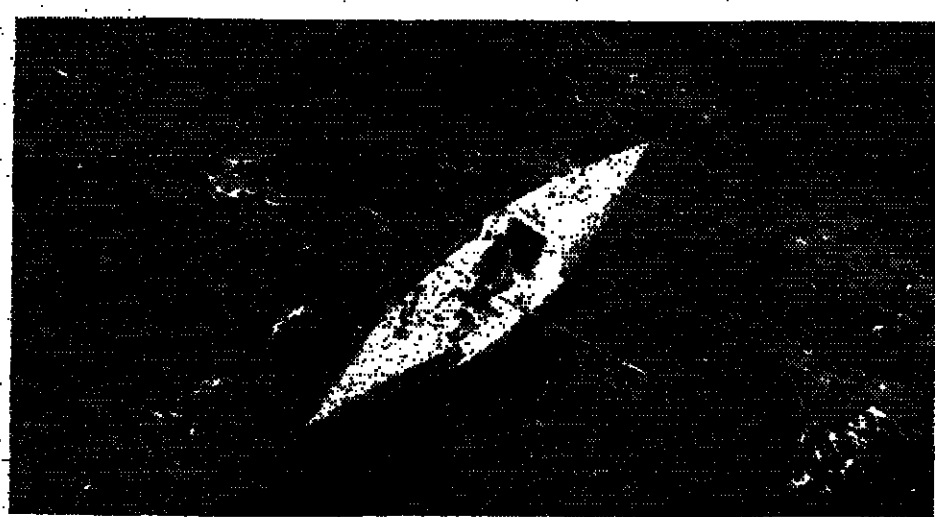
In his article, Mr. Sizer says high schools have absorbed too many tasks, students are not expected to take enough responsibility for their own learning, courses have little connection with the outside world, and teachers have too many students.

"Many adolescents," Mr. Sizer says, "complete high school unprepared for what follows in their lives: they are marginally literate, uninspired, possessed of only rudimentary skills and imbued with a narrow view of the world."

He recommends dropping such subjects as driver education and possibly intercollegiate athletics, having deficient students do nothing but concentrate on reading, writing, and arithmetic; putting new stress on higher-level thinking and grouping students by learning levels rather than age.

"Many aspects of schooling have become more important for their form than for their substance," Mr. Sizer said.

Too often, he says, what happens in a high school is determined by bus schedules, the number of seats in the cafeteria, or other seemingly peripheral concerns.



SOLO CROSSING — Peter Bird, an Englishman, is attempting a 10,000-mile rowboat journey across the Pacific. This photo was taken Friday from an Australian Air Force plane when he was 600 miles east of Cairns, Australia. He left San Francisco in August in a bid to become the first person to make such a trip alone.

Proposed U.S. Nuclear Waste Site Runs Into Problems, Opposition

By Milton R. Benjamin
Washington Post Service

HANFORD, Washington — On a sage-covered plain east of the Rattlesnake Hills, a towering drill rig stands ready to probe almost a mile down into some of the thickest lava deposits in the world to investigate their suitability as a repository for U.S. nuclear wastes.

The massive derrick, brought here from western Oklahoma, where it drilled the two deepest holes in the world in search of natural gas, was all set to begin sinking an exploratory shaft into the basalt of the Columbia River plateau Feb. 16.

But the huge orange rig sits idle — a \$10,000-a-day monument to the complex technical, political and social problems associated with picking America's first site for burial of radioactive wastes, which will remain highly toxic to man for centuries.

The Energy Department, which must conduct a detailed exploration of three possible locations before a final selection is made in March 1987, tried to get a head start here at the Hanford nuclear reservation, a 570-square-mile (1,482-square-kilometer) site used by the government since 1943 to produce plutonium for nuclear weapons.

On the basis of studies begun here in the late 1970s, the Energy

Department last year picked what experts concluded would be the optimum Hanford location for an exploratory shaft, published a draft environmental assessment, and prepared to drill.

But before it could begin, the department ran into criticism from the Nuclear Regulatory Commission, the U.S. Geological Survey, the state of Washington and Yakima Indians for trying to move too fast over uncharted ground.

The department backed off, and the Hanford site is now on the same timetable as the eight locations in five other states that are candidates to be the first waste repository.

"Unfortunately, there is no technical precedent for a geological repository for high-level nuclear waste," said David Pentz, a vice president of Golder Associates, which has been advising the Nuclear Regulatory Commission.

Many scientists suggest that it may take years longer than the Energy Department believes to address the questions involved.

The major issue here concerns how water flows through the rock and whether water could come into contact with nuclear waste and return to the environment, where it would pose a health threat.

In a site characterization report for Hanford, the Energy Department said its studies "unanimously

agree that the minimum travel time from the repository to the accessible environment under natural, pre-emplacement conditions is likely to be on the order of 10,000 years or longer."

But the Nuclear Regulatory Commission, which made studies using the same data, concluded that the range of possible travel times was "from 20 years to 43,547 years."

The U.S. Geological Survey criticized other aspects of the Energy Department's report on its preliminary studies as "overstated, misleading or simply incorrect," and said the report did not "adequately point out the seriousness of potential weaknesses of the site."

"What is most disturbing is the implication that those engaged in the Hanford site review seem to perceive their mission as one of painting as rosy a picture as possible to assure that the site is developed as a repository," Representative Morris K. Udall, an Arizona Democrat, said at a congressional hearing last week.

Robert L. Morgan, acting project director for the Energy Department's waste program, also appeared at the hearing and accepted most of the criticisms directed at its Hanford studies as "valid and constructive." He indicated a better performance could be expected in the future.

LETTERS TO THE EDITOR

The Philippine Bases

The editorial "How to Pay Marcos" (IHT, May 21) heralds another sneer campaign against the Philippine leadership, much like what happened during the previous Philippine-American military base negotiations five years ago.

The self-serving criticisms should be considered, however, in the light of the fact that President Marcos was the first Philippine leader to have successfully fought for the transformation of a basically colonial agreement into its present improved form. The lease was cut from an incredible 99 years to 44 in 1966, and amendments in 1979 established Philippine sovereignty over the bases.

Yet the agreement is far from ideal still. The forthcoming review of the agreement indeed has engendered national debate that centers on the fundamental usefulness of the bases. Are they deterrents or magnets for nuclear attacks? What to do with the red-light districts that have blighted the communities around the bases? Why does the American "rent" for their two largest foreign bases come to only \$50 million? (The rest of the \$500-million package consists of \$250 million in military credits, which of course have to be paid back, and \$200 million in economic aid, subject to congressional approval.)

What is unquestioned, however, is that the Filipino people are one with their president in his resolve

to negotiate an agreement consistent with the nation's self-respect, sovereignty and interests.

LUIS V. OPLE
Information Attache,
Philippine Mission, Geneva.

French Targeting

With regard to counting French missiles along with the U.S. missiles, as the Soviet Union asks: If memory serves, General de Gaulle led us to believe that French missiles were also pointed westward at the United States. Perhaps they still are? Could we ask around?

PHILIP DALLAS,
Rome.

Swapping Prisoners

I am astonished not to see comment in the press on the disgraceful swapping of prisoners between democratic West Germany and the notorious Libyan regime of Moammar Qaddafi (IHT, May 10).

HISHAM A. BENGHALBOUN,
Manchester, England.

The Gods of Rome

Reading President Reagan's comments about school prayer (IHT, May 25), in which he contends that ancient Greece and Rome declined when they began to "abandon their gods," I suddenly realized how sensitive this great man is to the unexpressed needs of the American people. With the courage and imagination we have come to expect of him, he has dared to say what many would not dare to think — that to restore America to greatness we must turn from the Judeo-Christian tradition and bring back deities that Americans can really identify with: the Roman gods.

Although we are all no doubt

more liberal than once we were, it takes a brave man to celebrate the virtues of infidelity, incest, castration, infanticide, rape, patricide, matricide, murder and the kinkier forms of sex. Has the president never learned of the goings on of Jupiter, Venus, Mars and the other Olympians, as rich in incident as the script for "Dallas"? Or is he just another victim of the days before federal grants for education?

JULIE HOLLANDS,
Paris.

A young student to the priesthood here in Rome is quoted as expressing his dismay (in "1981 Shooting Left Mark on Papacy," IHT, May 13): "When I'm ordained I have to go back to a parish in modern materialistic America and I have no new hope to offer to our people... about divorce, contraception and so many other issues on which the church seems rigid and heartless."

But what if there is more than a casual relationship between materialism, divorce and the use of contraceptives by unmarried and married? I would argue from the history of ancient Rome that the relation is far from casual.

If so, the pope should be seen as a prophet interpreting Peter's "Save yourselves from this perverse generation" (Acts 2, 40). But many Americans apparently have a Pollyanna streak even when the situation requires a sterner message.

Rev. THOMAS BRUMMEL,
Rome.

Unemployment Pays

Regarding the report "1984 Austere Budget Draft Approved by Bonn Cabinet" (IHT, May 19):

After the new budget has been imposed, unemployed West Germans without children will be entitled to 63 percent of their last net

wage, and longer-term unemployed to 56 percent, reduced respectively from 68 and 58 percent.

Apparently, a person could do absolutely no work for a year or more and still be paid more than 50 percent of his previous wage. It's a wonder why anyone works in the Federal Republic.

ANN HALFORD,
Château d'Oex, Switzerland.

Politely, We Hope

Some time ago, William Safire wrote about the term "geezer" being used in America as a synonym for "old person." In London it is used for "bloke," which in turn is used as a synonym for "timid" by U.S. Air Force personnel and dependents in East Anglia.

PATRICK J.N. BURY,
Dublin.

Interpreting Maclean

Off and on I see your esteemed paper in the American Center here. Some weeks ago a reporter in Moscow made a new point of international importance when he informed your readers that the just deceased Donald Maclean, the British diplomat who defected to Moscow in 1951 and worked there for the Soviet Union as a foreign policy analyst, had said he "became a Soviet spy out of conviction." I've said, he said, treated him as a "convinced Communist." The Moscow correspondent of the Daily Telegraph in London surmised, however, that the traitor, due to BBC broadcasts hinting at a coming war, was very much "worried," and the paper said editorially that he was "tortured by doubts."

Is the position of Maclean in your correspondent's view different from a traitor who sells his country for money? What was the object of your correspondent in making the distinction?

Didn't he attack the arsenal of thought of nationalists who stand against the Soviet Union's design of world domination?

The information passed to Russia by Maclean after he got it from the U.S. Atomic Energy Commission during the four years he was in Washington at the British Embassy there enabled Russia to explode its first nuclear bomb in 1949.

M.A. FALAHL,
Lahore, Pakistan.

A UNESCO-Wise Resident Replies to a Recent Visitor

Regarding "Russia Plays the UNESCO Game Better Than U.S. Professor Says" (IHT, April 22):

Like all good travel writing, your news story about the brief visit of Chester E. Finn Jr., member of a special U.S. delegation to UNESCO, nicely evoked a sense of his wonderment and discovery.

UNESCO is indeed like a village in that exotic land which is the United Nations and its specialized agencies. Its cultural habits, expressions and folkways can seem baffling to a newcomer.

Yet it is also a microcosm, with all of the real world's dreams, deficiencies and intractable difficulties of communication. As a resident, if not a native of that land, I am a little torn. I am glad that Mr. Finn — and the reporter of The New York Times — discovered it, but I wish they had stayed long enough to understand it better.

Had they been with us through the end of the conference, they would have heard me discuss some of the points which worried them.

Clearly, this is not just a "game." It is a serious forum for the juxtaposition of "ideologies" and ideas, even as it is a place where practical programs are proposed, debated

and carried out. True, the conference in question [on education for peace and international cooperation] did indeed, as I noted at its close, lose an opportunity to adopt resolutions more clearly consonant with UNESCO's founding principles, as well as with greater likelihood of achieving a practical impact in a world where the needs are so widespread and urgent. In that sense it can only add to the perception by many Americans that UNESCO is increasingly irrelevant to the real problems of today, particularly at a time when Western values are under attack.

Other, like-minded nations are also concerned about this trend. That is why we work closely with our friends at UNESCO.

In fact, this cooperation is the key to our effectiveness, and it produced some significant successes during this conference.

UNESCO can be made productive, although far too much is becoming theoretical and polemic. While there are many worthwhile programs, much, both procedural and substantive, still remains to be done. UNESCO, like other international organizations, must either tighten its belt (to zero real pro-

gram growth) or risk loss of support from those nations which are its major contributors. Moreover, the machinery by which nations can work out their differences at such conferences is too often not set in motion in good time.

Let us hope that we Americans, and our friends and allies, can assist the village schemers to conduct better what is the business of all of us. It is very important business.

UNESCO should be a dynamic force for development within its spheres of competence: education, science, culture and communications. It should concentrate its limited resources and energies on practical programs and ideas, such as the elimination of illiteracy, the preservation of cultural heritage and the reclamation of arid lands, even while shaping the ideas by which tomorrow's world will live.

Like Mr. Finn, I believe that UNESCO can best do these things if it lives up to the principles on which it was founded — principles which are familiar to Americans: open debates, democratic process, freedom of expression.

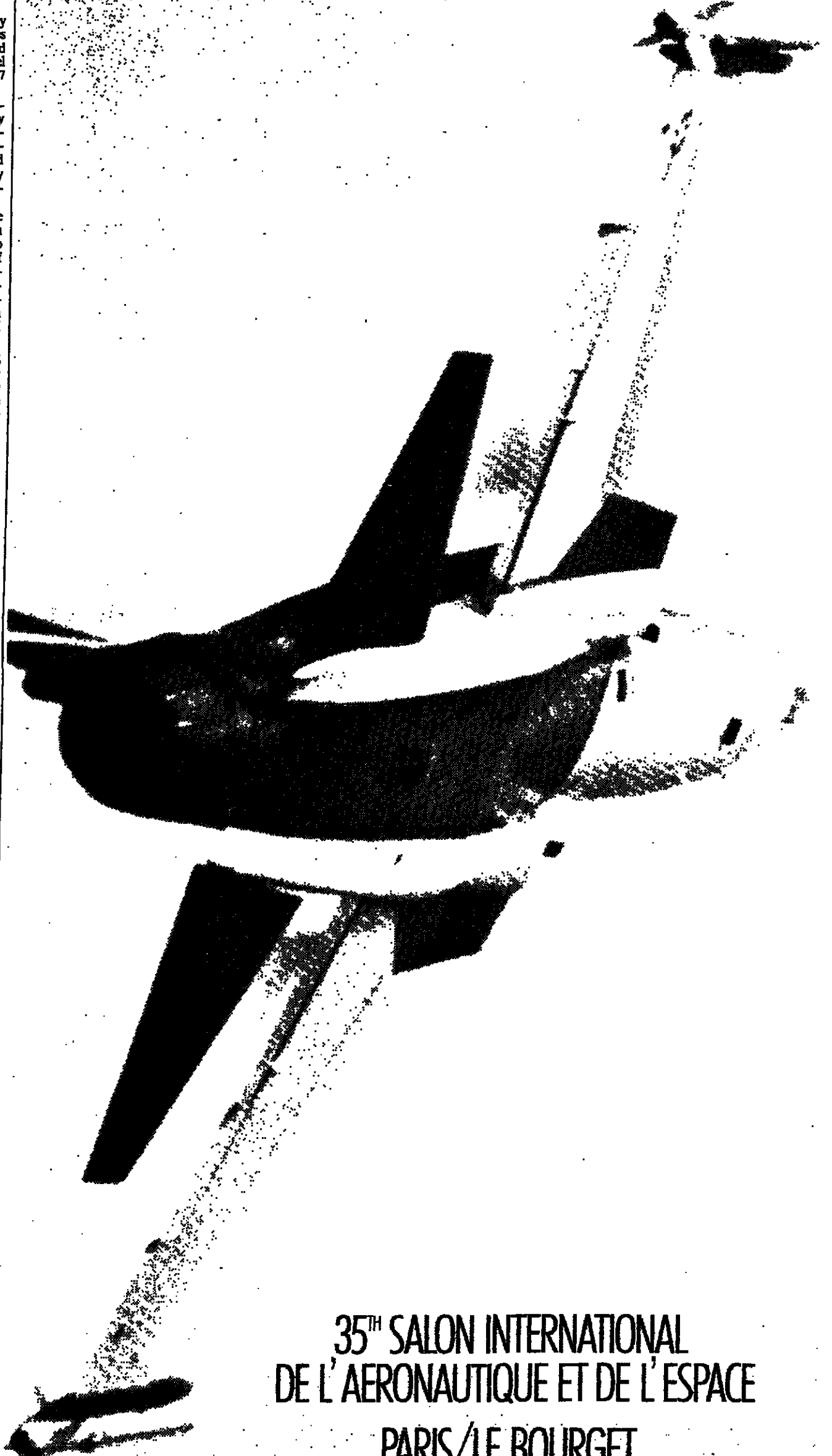
JEAN B.S. GERARD,
U.S. Ambassador to UNESCO,
Paris.

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Strange Arms Control

The people who brought you the biggest tax cut ever as an exercise in revenue raising now present: the biggest American missile ever as an exercise in arms control.

Orwellian, says Senator Mark Hatfield. A hoax, says Senator Alan Cranston. But listen to others who take their paradoxes literally: Senator Dan Quayle — "We are voting for MX and for arms control."

Senator Arlen Specter — "My vote is a tentative vote. It is based on what the president does on arms reduction."

Senator Charles Mathias — "I am reluctantly willing to agree" but the administration "must produce some evidence that it is willing to adopt a new arms control strategy."

Senator Nancy Kassebaum — "If I could vote with my heart, I would vote against. But ... I see it, hopefully, as leverage with the Russians in arms control."

What are they talking about? Well, they intend to stop further funding of the MX if the Reagan administration makes no convincing progress toward a new arms control treaty.

And how will building 100 of these missiles, with 1,000 warheads, induce the Russians to accept U.S. proposals? Well, it should make the Russians think. The MXs are silo-knockers, and if America goes on to build several hundred more they would threaten a first strike that could theoretically destroy the Russians' silo-knockers before they are fired.

And what if the Russians therefore decide that in a crisis, they had better be the first to fire? Well, then the MXs would be sitting ducks, but maybe by then America will have thought up some way to protect them.

And would not the Russians by then have built new weapons to overwhelm such protection? Well, if they prefer accelerating the arms race to controlling it, what can America do? It could build mobile single-warhead mis-

siles that the Russians could never hope to knock out in a single blow. Well, the president is for that, too, and will soon change his arms control proposals to make it possible.

So why bother with the MX? Well, he feels weak entering negotiations with missiles that look so much smaller than the Russians'.

But aren't the Russians worried enough about the new cruise and Trident missiles to want to make a deal? Well, actually they fear them more than the MX, and for good reason.

So how does the MX promote arms control? Well, Mr. Reagan wants it so badly it can be used as an inducement to make him negotiate.

Incredible as it sounds, that is now the policy of a decisive faction of Congress, which is desperately searching for ways actually to measure the president's promised conversion on arms control. Although we don't think much of its tactics, we can suggest some ways:

First, press the president to appoint an experienced arms control coordinator to serve in the White House and thus overcome the lack of cabinet expertise on the subject. It should be someone like Gen. Brent Scowcroft, who commands the confidence of the president, Congress and key Soviet officials.

Second, ask for evidence that this coordinator has been encouraged to re-establish informal communication between the president and top Soviet leaders. A good deal of private talking is needed to overcome suspicions and to define promising areas for bargaining.

Third, tie MX development to an agreed schedule of negotiation, and then let key congressmen serve on the negotiating teams to appraise the progress.

Is that a way for Congress to extract a mature policy from the executive branch? Well, people who raise spending and lower taxes to eliminate a deficit are capable of anything.

—THE NEW YORK TIMES.

Contention Unwanted

There are many contentious issues that the participants could talk about at Williamsburg. President Reagan might like to drum up support for his Central American policies and to urge greater restraint in trading with the communist bloc. President Mitterrand would like to press for a return to fixed exchange rates which, he hopes, would protect the franc from the embarrassing devaluation that his domestic policies have produced.

The precarious situation of the Third World debtor countries is also on everyone's list. But dealing with that would bring up the tricky question of mounting protectionism among the industrial countries. It would also highlight the need for lower U.S. interest rates to reduce the strain of debt service on the developing nations, put the dollar on a more reasonable basis vis-à-vis other currencies and provide a stronger U.S. lead for worldwide recovery. But that, of course, would bring up the issue of the U.S. budget deficit, which President Reagan would rather not talk about.

Japanese Prime Minister Nakasone would like to rebut his country's image as the bad boy of world trade. He might point out that much of Japan's competitiveness arises not from government subsidies, but from the discipline of its workers, the creativity of its indus-

trial designers and its superior control over domestic inflation. He might also note that he would like to stimulate Japanese domestic consumption and de-emphasize foreign markets, but this would require further reducing Japanese interest rates. And as long as other countries' interest rates stay high, to do so would simply devalue the yen and make Japanese exports still more competitive.

Then there is the matter of the millions of unemployed people in Europe and the United States. It is on everyone's mind, but no one knows what to do about it except join hands and pray for world economic recovery.

There is of course a strong element of unpredictability about any meeting at which the leaders of the Western World sit down to talk. Perhaps the 4,000 or so media people gathered there will find more of interest to report than the charm of Williamsburg's idealized view of the American colonial past or the quality of the shoofly pie and deep-fried hush puppies. But for all the hype, economic summits have value beyond their immediate outcome. They are an occasion for the leaders of the West to educate and remind themselves that the consequences of their domestic policies now extend well beyond their own borders.

—THE WASHINGTON POST.

Competing in the Air

Cheers for Margaret Thatcher. Britain's Conservative prime minister has chosen competition over protectionism after all. People Express, the upstart little airline from Newark, New Jersey, has won permission to fly travelers to London for just \$149.

Four thousand cheap seats a week: That would drain revenues from Britain's money-losing national airline, British Airways. To add insult to injury, the U.S. Justice Department was investigating complaints that British Airways had violated antitrust laws by conspiring to put another discount carrier, Laker Airlines, out of business. British officials were

insisting on a long freeze in new landing rights, a condition so rigid that American negotiators were interpreting the demand as a way for the British to wriggle out. But free enterprise and common sense prevailed.

People Express says that British Airways will not be hurt by its low fares. Those fares, it argues, will attract enough new traffic to fill five round-trips a week. That would be nice, but remains beside the point.

If People Express has a service the public wants to buy, more power to it. We are glad that, finally, Mrs. Thatcher agrees.

—THE NEW YORK TIMES.

Other Opinion

Writing Williamsburg Off

The series of economic summit meetings which began under President Valéry Giscard d'Estaing's farside at Rambouillet have grown into sickening media extravaganzas. Heads of state or government vie with each other in the lavishness of their hospitality, the military display of their security arrangements and the facilities provided for manipulating the media. The chief purpose of these unseemly junkets is to flatter and extol the leaders who attend them in the eyes of the folks back home. The exorbitant waste of taxpayers' money upon these grotesque competitions shames their inability to take effective measures toward reducing the num-

bers of the 32 million who are unemployed in the developed countries or to alleviate the lot of the many more millions of the starving and suffering in the other half of the world.

—Peter Jenkins in *The Guardian* (London).

[This] summit meeting would not have been thought of if George III had not been sufficiently concerned about his budget deficit to risk losing his most promising colony. Williamsburg is now nearly 300 years old. So are the economic policies being pursued by the majority of the seven major non-communist industrial countries. To my mind this summit will only be a success if President Mitterrand, whose policies are of this century, wrecks it.

—William Keegan in *The Observer* (London).

Israelis Warn of an Approaching War

By Hirsch Goodman

JERUSALEM — Israel and Syria could be on the verge of war. Not because either wants a war, but because Syrian brinkmanship may make one inevitable.

To give his opposition to the Israeli-Lebanese treaty credibility, President Hafez al-Assad has been backing his bellicosity with movements on the ground. He has bolstered his forces on the Golan Heights and injected additional brigades into Lebanon. The Syrian civilian population is being put through a series of civil-guard exercises, and there has been a significant call-up of reserves.

Syrian-Soviet coordination has become much tighter. There are Soviet advisers attached to a Syrian division currently conducting large-scale maneuvers on the Golan Heights, and with Syrian units in Lebanon. In addition to the two Soviet-manned missile sites north of Damascus, Syria has made extensive port facilities in the Mediterranean available to the Soviet navy.

Incidents on the cease-fire line separating Israel and Syrian forces in Lebanon have been on the rise. Israeli experts say that, logically, Mr. Assad could not want a war now, with Syria so isolated in the Arab world and with both the United States and world opinion so firmly behind Israel.

They say that Mr. Assad has nothing to gain from war. He knows that, in this war, he will have to face Israel alone, perhaps with marginal Soviet help but with no hope of support from Jordan, Iraq, Egypt or Saudi Arabia.

To face Israel alone with Israeli cannon currently deployed less than 20 miles from Damascus cannot be a warming prospect for Mr. Assad and his military advisers.

But in the Middle East logic is best put aside and the worst presumed. This, anyway, has been the maxim that has guided Israeli strategic planners in the handling of the current conflict.

They remember well the example of 1973, when Israel was taken by surprise on two fronts because its chief of military intelligence ignored the signs and preferred the rhetoric of analysis.

Israel has made three points: • That it will do its best not to be drawn into conflict over what the government assesses to be Syrian bargaining tactics. But there is a red line, like the drawing of a jet, that will necessitate reaction.

• That Israel will not be drawn into a war of attrition. But it will dictate the terms of battle.

• That Israel has no intention of being taken by surprise.

The last of these three statements, all made publicly by at least four senior ministers in less than 48 hours last week, means that Israel is considering the possibility of pre-emption, if defense officials feel that war has become unavoidable.

Following an extraordinary cabinet session on Thursday, Deputy Prime Minister David Levy warned the Syrians that they were playing with fire. He said that a fifth warning had been sent to Damascus through the United States — a warning telling Mr. Assad in no uncertain terms that he was fast approaching the point of no return.

Mr. Assad's statements have become less compromising, even to

the point where he said last week that, if necessary, he was prepared to sacrifice 20,000 men. He said he would not leave Lebanon under the current conditions and nothing would make him change his mind.

The danger is that we may fast be approaching a point where Israel feels it has no alternative but to make Mr. Assad change his mind. On Thursday night a senior Israeli

defense official warned that the moment of truth was approaching. "Assad's brinkmanship has brought us to the precipice. He either has to step back or take the plunge. If he carries too long, we may just have to give him a shove," the official said.

"Israel does not want confrontation," he added. "But we can offer Assad no guarantee that limited

clashes will remain limited. In fact, we can guarantee the opposite."

Thus, both sides can seem to be marching toward war, although neither has anything to gain from war. It is going to take an almost immediate and radical change in Syrian policy to avert the inevitable. Few expect the miracle to occur.

The writer, military correspondent for the *Jerusalem Post*, contributed this article to the *Los Angeles Times*.



'One, two ... OK, where's Syria?'

The Peace Road Goes to Damascus

By Dimitri K. Simes

WASHINGTON — Soviet support of Syria has become a measure of superpower credibility.

With the exception of Southern Yemen — which is widely perceived in the Arab world as something between a sovereign state and a Russian naval base — Syria is the main Soviet ally in the Middle East.

If Moscow were to abandon Damascus, there could be only one conclusion — that, as distasteful as American proposals are to the Arabs, they are the only game in town.

As for the Syrians, they are nobody's puppets. They have a temporary coincidence of interest with the Soviet Union in preventing a political victory for the United States and Israel in Lebanon.

What are the Syrians' motives? First, Damascus does not want to be taken for granted. President Hafez al-Assad has not been involved in the negotiations about withdrawal from Lebanon, and there is a general feeling in Damascus that the United States has long treated it too casually.

Second, Syrian prestige suffered more than the Soviet Union's during the invasion of Lebanon, and Mr. Assad is determined to prove that Syria is not a paper tiger.

Finally, Syrian leaders are not about to accept an agreement that does not address their fundamental territorial and security concerns — above all, a guarantee that Lebanon will not be dominated by Israel.

Neither the Soviet Union nor Syria will gain from another war. Despite an impressive flow of Soviet military hardware and personnel into Syria, Israel would almost certainly come out on top.

Israel is also anxious to avoid

war. Yet there is a real danger of a new military conflict in Lebanon.

Neither superpower is prepared for another Israeli-Syrian war. Both Jerusalem and Damascus have considerable leverage over their patrons, and it may be impossible for the superpowers to control them.

Relations between Washington and Moscow are extremely frayed. Never since the Cuban missile crisis has there been such an abundance of hostile rhetoric. Yet some genuine dialogue continues, and both sides noted recently that rhetoric is relatively unimportant in the face of real substantive agreements.

Still, President Reagan has had no summit meeting with Soviet leaders and Mr. Shultz had only limited encounters when he was in Moscow. Shifting gears from polemics to joint crisis management may be very difficult indeed.

Many Arabs — and increasingly some Americans and Israelis — now advise that the best way to encourage Soviet moderation would be to offer the Russians a role in the peace process. The Reagan administration is wise to reject this advice. It is hardly in the U.S. interest to enhance the Kremlin's influence in the Middle East.

Also, as long as there are deep differences between Israel and Syria or the Palestine Liberation Organization, Moscow is bound to side with the militant Arabs.

Despite Syria's disappointing refusal to receive the special U.S. envoy, Philip C. Habib, the road to foreign withdrawal from Lebanon lies not through Moscow but

through Damascus. If Syria decides to try a diplomatic solution, the Russians will have no choice but to go along. If Mr. Assad pursued a negotiated solution, Mr. Andropov would have no alternative but to make a virtue of necessity and offer his good services in seeking peace.

For too long Washington has assumed that the Assad regime is too inflexible to be satisfied by any feasible arrangement with Israel and that the peace process could be moved forward without Syrian participation. The historical record contradicts both assumptions.

Henry Kissinger found Mr. Assad to be a tough but pragmatic bargainer. Since Anwar Sadat's trip to Jerusalem, Damascus has had little incentive to be flexible, but Syria still offers the best hope for peaceful settlement in the region.

Paradoxically, the Syrians' hard-line credentials allow them to be flexible without being accused of betraying the Arab cause. The question is how to approach Damascus — and Washington would do well to note that the Syrians would have little incentive to enter into negotiations unless the United States made a commitment to insist that Israel return the Golan Heights.

Negotiating a Syrian pullout from Lebanon would be just a first step — and it will not come easily. But to refrain from dealing with Damascus in the futile hope that things will somehow work out without its help would be to cling to a dangerous illusion.

The writer, a senior associate at the Carnegie Endowment for International Peace, contributed this comment to *The New York Times*.

The Case for a Bit of Freedom From the Press

By James Reston

WASHINGTON — The Williamsburg summit has not had a very good press, but the fault lies partly with the press itself.

The leaders of the industrialized nations didn't invite more than 3,000 reporters. They had nothing more in mind than a quiet talk and a stroll in the gardens, but they landed in a circus.

Article 12 of the Virginia Bill of Rights, signed in Williamsburg on June 16, 1776, stated that "the Freedom of the Press is one of the great bulwarks of Liberty, and can never be restrained but by despotic governments." This was written by George Mason of Stafford County, Virginia, and was the model for the first article of the national Bill of Rights. But it never occurred to George that 207 years later another British official would be overwhelmed by a plague of journalists.

There were more reporters in Williamsburg than British soldiers at the siege of Virginia during the War of Independence. We don't cover the news these days, we smother it, even when there is very little news.

Accordingly, some officials are now calling for freedom from the press, and others are suggesting the abolition of these diplomatic extravaganzas. We ought to be able to do a little better than that.

The annual summit meetings of the leaders of the free industrial nations have their uses. The leaders get to know one another better, which is usually, but not always, a good thing. They get to compare their miseries, which is a consolation, and if they can agree, for example, to avoid policies that will hurt their countries, they are likely to try to do so, knowing they will have to explain next year if they don't.

The trouble is that while they cry for secrecy, they also want publicity — secrecy on disagreements, publicity on agreements and a good impression among the voters back home.

President Reagan, this year's host, has sought to reconcile these contradictions by introducing shirt-sleeve informality to the occasion. With his boyish serenity, his notion of summit diplomacy is sort of a backyard cookout at the ranch, with the press and even the professional officials kept at a distance.

His theory is that this would give the leaders a chance to express their opinions and define their policies and grievances without having to worry about some official recording of what was said or promised.

It was precisely this notion of "informal agreements secretly arrived at" that led to the serious misunderstanding between Mr. Reagan and the European allies over the Soviet gas pipeline after the summit meeting last year at Versailles.

Sir Harold Nicolson, who wrote the classic study of diplomacy, thought such meetings should not be encouraged, because they arouse exaggerated expectations and leave too little time for calm deliberation.

"The honors that are paid to the leader," Nicolson observed, "may tire his physique, excite his vanity or bewilder his judgment. His desire not to offend his host may lead him, with lamentable results, to avoid raising unpalatable questions or to be imprecise regarding acute points of controversy."

"Diplomacy is not the art of conversation, it is the art of negotiating

agreements in precise and reliable form. As such, it is, on all ordinary occasions, far better left to the professional diplomatist ... And above all, the stages and results of his negotiation [should be] carefully recorded in written documents."

That is not the modern way. As we have moved from boudoir diplomacy to professional diplomacy and now to summit diplomacy, the tendency is to prefer vague and comforting informal agreements to precise and binding definitions subject to the leaks and interpretations of a journalistic cast of thousands.

This is not an ideal formula, especially at economic conferences dealing with interest rates, monetary policy, Third World debt, exchange market intervention and other mysteries. The expert knowledge of most media reporters begins and ends with the calculation of their expense accounts.

an activity that may be one of the root causes of inflation.

There may, however, be a way out of this thicket. Diplomacy has turned to modern machinery to extend its reach and quicken its pace. It has used the jet airplane, the modern telephone and tape recorder, the calculator and the instant copier — often with pernicious results. But it has forgotten the old state-of-the-art as an instrument of both secrecy and controlled communication.

One of the best summit conferences of recent times was held by President Roosevelt and Winston Churchill, who signed the Atlantic Charter on a ship off Argentina, Newfoundland on Aug. 14, 1941, with the press bobbing around on another ship somewhere in the mist. Nothing much came of the principles of the Atlantic Charter, but by all accounts from the journalistic floating bar, everybody had a pretty good time.

The New York Times.

Letter: A Defector to Communism Owns Up

From Stuart P. Stevens in Cortona, Italy

FOR the last several months I've been living under communist rule and loving it. Unlike the poor souls of Gdansk, I get *tortelloni alla panna*, Montepulciano Chianti and Luca Signorelli's best. It's Italian communism, an institution so unique and contradictory that it fits the national psyche like the stunningly intricate uniforms of Italy's nine national police departments.

In Cortona, the Tuscan walled city we've been calling home, the forbidding standard of party leadership is borne by the unlikely figure of Mayor Ferruccio Favilli. At 26, he's probably Italy's youngest mayor, no one seems to know for sure — a hot-shot politician of delectable charm and fierce ambition.

Everyone seems to like him, even the *Fascisti* of the MSI party who plot his downfall over espresso at the Signorelli Cafe.

The distinguishing trait of the Favilli regime seems to be an absolute lust for restoration. The Communists' crowning achievement to date is a great fortress that perches above the town in restored glory. No longer needed to ward off the

warring hordes of nearby Siena or Florence, it serves as a community cultural center for local exhibitions such as the recent photographic essay on the dying art of the *corbello*, the charcoal makers who once flourished all over northern Italy.

The exhibition was a special event for us as it featured our neighbors and dear friends the Antolinis. Bruno and his vicacious wife, Mita, live "next door," half a mile or so across the terraced hills, with Bruno's mother and father and their only son, Renaldo.

The three generations all work the Antolinis' 100 or so acres, a textbook example of organic self-sufficient farming. Raising, growing or trading for whatever they need, they live in an almost cashless society. When the fish man comes they trade him carnegie, the glorious chestnuts that make the world's best *mosto bianco*. When it's time for ham or bacon, the pig man comes to slaughter the creatures and take his pay in kind. The little cash they need is generated for years by making and selling charcoal to restaurants and trattorias.

The photographs were taken by one of the growing number of foreigners in the area, a 35-year-old Englishman who's lived in Tuscany for the last seven years. Like most of the local Britons, Germans and Americans, he's an ardent supporter of Italian communism. "They're the only honest party in Italy, the only ones who won't steal the commune blind," he says.

Ideology seems entirely beside the point. Most of the resident foreigners go to great pains to point out how, well, "different" Italian communism is from all that messy stuff in Moscow and Warsaw.

The other great cliché of Italian politics asserts that no matter how successful the Communists may be on the local level, the country will never let the PCI control a national government. But it doesn't seem to matter to most rank-and-file Italian Communists. Italians have traditionally considered their local commune and provincial administrations to be their real government.

The PCI gets only a third of the vote in national elections, but more than 55 percent of the country is

living under regional Communist governments. So in one very real sense Italy has already gone communist — but this is communism that supports NATO. It is hated by the Red Brigades and calls inflation the country's main problem.

Speaking of the Red Brigades, to their substantial list of crimes we must now add one more grave offense: showing the world through the Dozier kidnapping that Italy is not the incompetent mess we've all been ridiculing for years.

Government efficiency, particularly on the local level, is that last great secret of Italy. Mail and telephone services are about equal with the United States, while certain services like public transportation — yes, even the trains — are superior.

There are still breakdowns and strikes — more recently of the maddening one- and two-hour variety. In moments of stress one can always turn to the constants of Italian life unavailable elsewhere — *tortellini alla panna*, Montepulciano Chianti and Luca Signorelli's best.

More letters, Page 5.

FROM OUR MAY 30 PAGES, 75 AND 50 YEARS AGO

1908: Insurgents Worry Japan

TOKYO — Despite the efforts of the Government to restrict newspaper correspondents to the official reports which picture the operations in Korea as being confined to insignificant engagements resulting in small losses, the Japanese papers publish despatches from Seoul and other Korean points which indicate that the conditions in Korea are far from promising. The important city of Gensau is declared to be practically at the mercy of the insurgents. There have been eight attacks by Japanese troops upon the insurgents in five days, but the losses have not been reported.

1933: French Business Is Halted

PARIS — Business virtually stood still in France for three hours when owners of commercial and industrial concerns locked their doors and pulled their shutters, grouped to protest against the government tax program. The shutdown from 2 to 5 o'clock (on May 29) was considered almost 100 percent universal in Paris. In a resolution voted in every important town in France, the businessmen attacked unbalanced budgets as the source and origin of inflation and called upon the government to effect economies by suppressing all unnecessary state services.

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EUROBONDS

By CARL GEWIRTZ

Trading Stalls as Rates Harden And Dealers Hold Annual Talks

THE HAGUE — The international capital market stalled last week as investors, issuers and traders took to the sidelines. The main deterrent was a hardening in short-term interest rates.

Dollar interest rates firmed all week in response to the higher than anticipated growth in the U.S. money supply and the expected strong increases in the flow of U.S. treasury paper on the domestic market now that Congress has approved an increase in the national debt ceiling.

The report late Friday from the Federal Reserve that the money supply was continuing to expand sharply did nothing to help the outlook for this week's developments in the Eurobond market.

Last week, investors held back from the market, waiting to see where interest rates would level off. Issuers held back for the same reason.

Traders for the most part were out of the market. The Whitsun holiday Monday closed most continental markets, and the annual meeting of the Association of International Bond Dealers here Thursday and Friday meant that most traders spent a scant two working days, and in many cases only a day and a half, at their desks.

The meeting of the Eurobond market's self-regulatory body was subdued. The only controversial element at the meeting — a proposal to adopt a rule confining brokers to doing business with recognized market makers — failed to attract the needed two-thirds approval of voters present.

The proposal touched raw nerves. For operators, in the 15 years of AIBD's existence, members have never been able to agree on the definition of a market maker.

Secondly, for a market that prides itself on being the only truly free securities market in the world, the suggestion that brokers agree to open their books to outside audit to allow verification of this limitation was interpreted as a threat to the liberty of all participants.

In the end, the proposal to audit the books of brokers was eliminated, but the rule still failed to win the necessary support, even though 224 votes were cast for it — a mere 28 short of approval.

Nevertheless, brokers are now warned that one-third of the AIBD's total membership is prepared to legislate a code of behavior unless the brokers limit their business to market makers.

Liquidity the Key Issue

The fundamental issue concerns liquidity. Market makers buy and sell bonds for their own account until investors can be found. In doing this, market makers create a secondary market. Typically, market makers quote a half-point spread between the price at which they are willing to buy paper and the price at which they are willing to sell. The difference between the two quotes covers cost and profits.

Increasingly, market makers are unwilling to spend time on the telephone quoting prices to other market makers, preferring to spend their time talking to potential clients. This creates a void that brokers can fill. By speaking to a number of the market makers, the brokers are able to establish a price at which market makers are willing to trade with each other. This bid-asked quote range is narrower than the price that market makers quote to the public.

Typically, a broker collects one-sixteenth of a percentage point for putting two market makers in touch with each other.

Brokers thereby also add to overall market liquidity by facilitating trading between market makers. Unlike the market makers, however, brokers are strictly middlemen who do not commit their own capital and (Continued on Page 9, Col. 1)



A Burroughs Wellcome technician studies infected cells that have been treated with the drug acyclovir.

The High-Stakes Race to Cure Herpes

By Thomas J. Lueck

New York Times Service

NEW YORK — The U.S. pharmaceutical industry has mounted a huge effort to find treatments and possibly a cure for genital herpes, a venereal disease afflicting millions of Americans and spreading rapidly.

For pharmaceutical companies, the herpes epidemic presents the potential of a big new market. Analysts say that virtually every major drug maker is focusing part of its research on vaccines, medications or diagnostic procedures to combat the disease.

While herpes rarely threatens the life of otherwise healthy adults, the problem is vast because of the number infected — as many as 20 million Americans may have the disease — the psychological trauma that the disease often creates and the far more serious danger it poses when transmitted to newborn children or victims of cancer, heart disease or other ailments.

Those who contract herpes can now expect to carry the virus for life, although not all carriers suffer recurrences.

Some of the leading companies in the field include Merck, at work on a herpes vaccine; Burroughs Wellcome, which has introduced a treatment, and Syntex, which is developing new diagnostic procedures. Others, including Hoffmann-La Roche and Schering-Plough, are using advanced forms of genetic engineering in search of what some scientists believe may ultimately provide a cure.

For those carrying the herpes virus, the broad corporate search for medications has provided little immediate relief. In interviews, more than a dozen experts in the field, including doctors, clinicians and drug company officials, said that a cure might never be found, and that vaccines or medications that would stop the disease from spreading might be years away.

"The market for an effective herpes drug would be so large that you can logically assume the industry has put it high on the list of priorities," said Dr. Edward Feldman, a physician and scientific director of the American Pharmaceutical Association, a trade group.

Major Research Under Way on Herpes

VACCINES

Merck & Co. Conducting human trials in Seattle on a vaccine to prevent herpes.

Molecular Genetics Developing a genetically engineered vaccine, not yet used in human tests.

DIAGNOSTIC METHODS

Syntex Seeking approval of a procedure to shorten diagnosis of two days from the current seven-day minimum. By 1986, Syntex plans to market a procedure allowing doctors to provide a diagnosis in two to three hours.

TREATMENTS

Burroughs Wellcome Markets acyclovir, an ointment, that relieves the symptoms of the first attack of herpes but does not eliminate the virus. A capsule form of the same drug is currently under review.

Hoffmann-La Roche Conducting human tests on interferon, a genetically engineered protein designed to attack herpes virus.

Warner Lambert Human tests under way on a drug designed to reduce the frequency of genital herpes outbreaks.

G.D. Searle Conducting human tests on a drug for the oral form of herpes.

Genital herpes is also often accompanied by headaches and flu-like symptoms.

The herpes I virus typically burrows deep into nerve cells near the brain, while herpes II invades the spinal cord, both lying dormant between periodic eruptions.

Dr. Lawrence Corry, a Seattle physician who is conducting the first large-scale test in the United States on human patients of a herpes vaccine made by Merck & Co., said that several drugs under development "are clearly promising."

However, he declined to speculate on when any of these drugs might receive the approval of the Food and Drug Administration and be brought to market. "I don't expect a cure," Dr. Corry said, adding that a variety of "very separate drugs" are more likely to be produced that would protect users from contracting the disease, prevent transmission and reduce the frequency of skin lesions.

Currently, the research falls largely into three categories: efforts to find a vaccine that

is effective in preventing periodic recurrences of the viral infections, "would probably be the top-selling drug in America," said Ronald Nordmann, an analyst for Oppenheimer & Co., a Wall Street securities firm.

He said that his firm, which frequently meets with drug company representatives to discuss products under development, has begun to refer to these sessions as the "herpes drug of the month club" because of the mounting number of medications being promoted. In most cases, he added, "there has been little evidence of efficacy."

Herpes, transmitted by physical contact with infected areas of the skin, is caused by two viruses in the same family that causes chicken pox. These viruses are herpes simplex I, which infects the mouth with cold sores or blisters, and herpes simplex II, which infects the genital area with blisters, lesions or other symptoms that are often more se-

5 Banks in U.S. Are Closed Down, Sold to 3 Others

By Robert A. Bennett

New York Times Service

NEW YORK — Tennessee and federal banking regulators have closed five banks controlled by the brothers Jake and C.H. Butcher Jr. And, in a deal worked out in Washington, the banks have been sold to three other Tennessee banks.

William Isaac, chairman of the Federal Deposit Insurance Corp., the federal agency that oversees state banks, said Friday that all five Tennessee banks would reopen on Tuesday under new management and that no depositors, insured or uninsured, would lose any money.

Federal regulatory officials placed a total value on the five banks of \$451.9 million, making the action the nation's fourth-largest commercial bank failure since 1933. The third biggest was the failure earlier this year of the United American Bank of Knoxville, Tennessee, then the cornerstone of a network owned by Jake Butcher.

Mr. Isaac described Friday's action as a "ripple effect" stemming from that failure. The February shutdown of the Knoxville bank, after losses of \$142 million, "took the linchpin out of the system" of banks controlled by the brothers, he said.

Here are the five banks closed on Friday and their new owners:

• United Southern Bank of Nashville, which had about \$100.8 million in deposits and six offices, acquired by Union Planters Bank of Memphis for \$6.5 million.

• City and County Bank of Anderson County, with \$143.5 million in deposits and seven offices, acquired by Third National Corp. of Nashville for \$4.1 million.

• City and County Bank of Knox County, \$253.5 million in deposits and 11 offices, acquired by Third National for \$5.5 million.

• City and County Bank of Roane County, with \$39.6 million in deposits and four offices, acquired by Bank of Oak Ridge for \$1.3 million.

• United American Bank of Chattanooga, \$122.6 million in deposits and 12 offices, acquired by Union Planters for \$5 million.

Four of the banks had been owned by C.H. Butcher, leaving him with 18 banks in Tennessee and Kentucky. The fifth, United American Bank of Chattanooga, had been controlled by his brother Jake until he lost control to outside investors.

The Butchers had asked for time to raise new capital to save the banks, but their efforts were unsuccessful.

People Express Admits Ploy To Speed Approval

The Associated Press

NEWARK, N.J. — Although People Express had sold just 101 of 420 available seats on its first flight to London last Thursday, the airline indicated that the plane was full to pressure British officials to approve the route, an airline official said.

Harold Paret, the airline's general counsel, said the company made a "business judgment" when it had announced earlier in the week that its first trans-Atlantic flight was fully booked.

Although People Express had begun accepting reservations for the Newark-to-London flight May 16, British approval for the route

did not come until Thursday morning, hours before the plane's scheduled 7:15 P.M. takeoff from Newark International Airport.

"Let's just say we wanted to accelerate the decisional process," Mr. Paret said Thursday. "It is so easy (for Britain) to say, 'We'll get back to you next week.'"

An airline spokesman, Russell Marchetta, said Friday that People Express had decided to accept reservations for only 100 seats in the event that British approval didn't come in time for the first flight.

"We kept the flight limited because we didn't want 430 people stranded if approval didn't come in time," Mr. Marchetta said.

Analysts Focus Anew on M-1 Figure

By Yla Eason

New York Times Service

NEW YORK — "May is going to stand out in retrospect as the month in which the whole psychology of the market changed," said Scott Warrington, an economist at McCarter, Crisanti & Maffei, a fixed-income and monetary research firm. Indeed, in early May, interest rates

U.S. CREDIT MARKETS

were at their lowest levels this month, and analysts were predicting that the rates were heading lower.

However, with each Friday in May came news that the basic money supply was growing at a faster rate and with it, the market also got reports that the economy was blossoming beyond expectations. Those two events killed the early hopes of a cut in the discount rate and brought renewed focus on Federal Reserve policy.

With last Friday's report of a \$2.1-billion jump in M-1, which measures cash and money in checking accounts, the figure is now about \$17 billion above the Federal Reserve's upper growth limit of 8 percent for M-1. The market, which had reluctantly learned to ignore the weekly M-1 figure as an insignificant measure of both money growth and Federal Reserve policy, has returned to its habit of focusing on M-1.

"At first everyone was thinking the Fed would ease. Now they're concerned about it tightening," Mr. Warrington said.

That concern has been reflected in the deterioration in government security prices and concurrent rises in yields. On May 4, the current three-month Treasury bill was offered at 7.96 percent. In late trading on Friday, it was up to 8.53 percent. Likewise, the bellwether 30-year bond was at its high price of 101 on May 4 to yield 10.26 percent. However, on Friday it was offered at 95.26-32 to yield 10.86 percent.

Adding to the bearish tone on Friday was the interpretation by some economists that the Federal Reserve Open Market Committee minutes of March 28 and 29 indicated that the Federal Reserve would not tolerate higher money growth. These minutes were released on Friday.

To confirm their view that a modest tightening in policy was near, analysts cited these notes from the minutes: "If monetary expansion proved to be appreciably higher than expected, without being clearly explained by the effects of ongoing institutional changes, it was understood that the Committee would consult about the desirability under the prevail-

ing circumstances of any substantial further restraint on bank reserve positions."

Analysts interpreted this to mean that the Federal Reserve would start to target the federal funds rate — the cost of overnight interbank loans — at the upper end of its 6-percent-to-10-percent "intermeeting range," which was also disclosed in the minutes.

When some banks are short on the reserves that they are required to keep at the Federal Reserve as a percent of their deposits, they borrow from other banks that have surplus reserves to meet their reserve requirements. When bank

reserves are not plentiful, borrowing from banks that have surplus reserves drives this rate up.

The Federal Reserve can supply all the reserve needs of the banks

by injecting funds into the system. Likewise, the Fed can drain these reserves from the system. Therefore, it can control short-term interest rates through its open-market operations that influence the funds rate.

Joseph Hurd, economist at Crocker National Bank, doesn't see any tightening. "The worst numbers are behind us, and I don't think the economic numbers will be as strong for May as for April," he added. "I don't think the Fed will respond to this. Late last year they realized they could not continue to let the economy slide. It still has a long way to go and high inflation is a long way off."

Another possibility, Mr. Davies noted, is that President Reagan will not respond to Paul A. Volcker as chairman of the Fed when his term ends in August.

Financial markets and banks will be closed Monday in the United States and Britain because of holidays.

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U.S. Consumer Rates

For Week Ended May 27

Passbook Savings..... 5.50 %

6-Month Savings Certificates..... 8.97 %

Tax-Exempt Bonds..... 9.51 %

Bank Money Market Accounts..... 7.80 %

Bank Rate Monitor Index..... 8.15 %

Home Mortgage..... 12.78 %

FHLB, average..... 12.78 %

Reserves are not plentiful, borrowing from banks that have surplus reserves drives this rate up.

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CURRENCY RATES

Interbank exchange rates for May 27, excluding bank service charges.

Amsterdam 2.821 4.517 12.475 37.45 0.1789 1.7643 156.44 31.46

Brussels (d) 50.15 80.33 19.945 6.54 3.289 17.7643 156.44 31.46

Frankfurt 2.821 4.517 12.475 37.45 0.1789 1.7643 156.44 31.46

London (d) 1.995 4.003 10.834 12.917 2.5704 4.933 77.15 13.13 14.295

Athens 1.481.95 2.991.68 97.14 19.78 32.81 29.71 74.14 16.79

New York 1.24 1.249 0.127 0.127 0.007 0.007 0.007 0.007

Paris 7.252 12.287 38.65 1.197 71.73 4.149 21.125

Zurich 2.072 3.215 22.75 27.80 0.137 71.73 4.1

International Bond Prices—Week of May 26

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

[illegible]

STRAIGHT BONDS

All Currencies Except DM

[illegible]

All of these Securities have been sold. This announcement appears as a matter of record only.

7,000,000 Shares
LSI Logic Corporation
Common Stock

MORGAN STANLEY & CO. <i>Incorporated</i>		HAMBRECHT & QUIST <i>Incorporated</i>	
BEAR, STEARNS & CO.	THE FIRST BOSTON CORPORATION	A. G. BECKER PARIBAS <i>Incorporated</i>	
BLYTH EASTMAN PAINE WEBBER <i>Incorporated</i>	ALEX. BROWN & SONS	DILLON, READ & CO. INC.	
DONALDSON, LUFKIN & JENRETTE <i>Securities Corporation</i>	DREXEL BURNHAM LAMBERT <i>Incorporated</i>	GOLDMAN, SACHS & CO.	
E. F. HUTTON & COMPANY INC.	KIDDER, PEABODY & CO. <i>Incorporated</i>	LAZARD FRERES & CO.	
LEHMAN BROTHERS KUHN LOEB	MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP <i>Merrill Lynch, Pierce, Fenner & Smith Incorporated</i>	ROBERTSON, COLMAN & STEPHENS	
PRUDENTIAL-BACHE <i>Securities</i>		SALOMON BROTHERS INC	
L. F. ROTHSCHILD, UNTERBERG, TOWBIN		SMITH BARNEY, HARRIS UPHAM & CO. <i>Incorporated</i>	
SHEARSON/AMERICAN EXPRESS INC.		DEAN WITTER REYNOLDS INC.	
WERTHEIM & CO., INC.			
ABD SECURITIES CORPORATION	ATLANTIC CAPITAL <i>Corporation</i>	BASLE SECURITIES CORPORATION	
CAZENOVE INC.		DAIWA SECURITIES AMERICA INC.	
EUROPARTNERS SECURITIES CORPORATION	ROBERT FLEMING <i>Incorporated</i>	KLEINWORT, BENSON <i>Incorporated</i>	
THE NIKKO SECURITIES CO. <i>International, Inc.</i>	NOMURA SECURITIES INTERNATIONAL, INC.		
ROTHSCHILD INC.	SOGEN SECURITIES CORPORATION		
YAMAICHI INTERNATIONAL (AMERICA), INC.	JULIUS BAER SECURITIES INC.		
<hr/>			
ALGEMENE BANK NEDERLAND N.V.	BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET		
BARING BROTHERS & CO., <i>Limited</i>	COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS, CBI		
CREDIT COMMERCIAL DE FRANCE	GRIEVESON, GRANT AND CO		
HILL SAMUEL & CO. <i>Limited</i>	SAMUEL MONTAGU & CO. <i>Limited</i>	MORGAN GRENFELL & CO. <i>Limited</i>	
SAL. OPPENHEIM JR. & CIE.	PICTET INTERNATIONAL <i>Limited</i>	PIERSON, HELDRING & PIERSON N.V.	
J. HENRY SCHRODER WAGG & CO. <i>Limited</i>		VEREINS-UND WESTBANK <i>Aktien Gesellschaft</i>	

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HIGHEST YIELDS
to Average Life Below 5 Years

23	Dev Fin New Zealand	8 1/8	30 Jan	99 1/2	68.66	77.11
24	Commonwealth Fed.Electr.	8 1/8	30 Feb	102 1/2	66.44	74.71
25	Permer	8 1/2	30 Mar	70	64.64	69.23
26	Mexico	8 1/2	30 Sep	77	64.95	71.32
27	Colombia	8 1/4	30 Sep	75	64.94	71.67
28	1st Lt	8 1/4	30 Nov	75	74.44	76.71
29	Wind Floods Overseas	8 3/4	30 Nov	72	74.44	76.71
30	Public Power Corp.	8 1/4	30 Dec	90	73.75	79.21
31	Coveration Int.	9 1/2	30 Dec	95	75.92	81.76
32	Pray Of Nova Scotia	7 1/2	30 Jul	72	71.71	79.21
33	British Leyland	7 1/2	30 Sep	76	75.25	80.58
34	Energy, Gas	7 1/2	30 Oct	74	74.17	79.94
35	Randy Mutual Concrete	7 3/4	30 Oct	78	74.70	79.94

HIGHEST YIELDS
to Average Life Above 5 Years

59	Menico	8.34	91	Dec	42	17.77	77.16
59	Dome Petroleum Ltd	7.26	94	Jul	74	14.99	12.2
59	Madison Bay	9.01	94	Feb	71	13.38	4.82
59	Marcellon Bleeds	9.14	93	Mar	72	13.91	11.1
59	Marcellon Bleeds	9	92	Feb	70	13.55	12.86
59	Mariposa Holdings	11.2	94	Mar	74	13.59	14.44
59	Comstock Int'l Europe	10.14	91	Jan	88	12.65	13.5
40	Offshore-Corleion	14.34	97	Jun	106	12.92	13.29
59	Peapack-Saw	14	96	Aug	104	13.01	12.91
59	Refractech Int'l Hold	14.12	90	Aug	106	12.71	12.55
59	Refractech Int'l	13	93	Mar	105	12.75	12.55
59	Finance Pro Industry	9.34	91	Mar	105	11.94	11.77
59	Royal Bank of Canada	9	92	Feb	107	11.29	11.1

HIGHEST CURRENT YIELDS

175	Mexico	18	1/2	35	Jul	99	1/3	13.79	18.1
176	Panama	17	1/2	35	Nov	95		79.54	18.2
177	Mexico	17	1/2	35	Mar	98		18.67	17.1
178	Comision Fed Electr	3	3	35	Nov	98		28.83	17.2
179	Comision Fed Electr	3	3	35	Nov	98		28.83	17.3
180	Grif. Sinks Overseas	7	1/2	38	Oct	112		14.22	15.4
181	Cable Service Overseas	7	7	38	Sep	112		14.98	15.5
182	Comogated-Bathurst	17	1/2	38	May	112	1/4	13.93	15.6
183	Prov Of Quebec	17	1/2	38	Oct	113		13.37	15.7
184	Royal Inl	17	1/4	38	Dec	117	1/2	13.99	15.8
185	Access To The Net	17	1/4	38	May	117		13.72	14.5
186	Hydro-Quebec May	15	1/2	38	May	113		13.57	14.6
187	Site Develop Reg Ser	15	1/2	38	Apr	107	1/4	13.99	14.4

[illegible]

(Continued on Page 10)

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Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
World Bank	250	1990	7 1/2	99 1/2	7.59	Noncallable

Firm Rates and Brokers' Talks Slow Market

(Continued from Page 7)

who do not take any risks buying and selling for their own account.

Therefore, brokers are not expected to deal with so-called final investors.

But because brokers quote prices inside the normal bid-asked prices of market makers, end investors are tempted to trade through the brokers. If brokers do trade with end investors, market makers lose that business and the wider profit paid, ultimately, the incentive to commit their capital to taking positions.

If that were to happen, the liquidity of the secondary market could evaporate.

Market makers are not exactly passive partners, however, and if they perceive that brokers are dealing with end investors all they have to do is to cease dealing with those brokers.

With more brokers scheduled to join the market and with no rule enacted to limit their scope, the coming year will tell whether market makers themselves are able to force the brokers to limit their role.

This technical question aside, the most pressing problem for the market at the moment is the direction of interest rates. The firming in short-term dollar rates last week sent the dollar soaring on foreign-exchange markets, and with a dollar around 2.5 Deutsche marks, domestic West German interest rates were forced up almost half a point in the longer maturities.

Fortunately, only one DM issue was marketed last week, for the World Bank, and no issue is scheduled for this week. The next borrower, the European Investment Bank, is not scheduled to launch its paper until next Monday. The World Bank issue, bearing a coupon of 7.5 percent and offered at 99.5, was quoted at 98.5 Friday.

The calendar in the dollar market was also light. Only one fixed-rate issue was offered — Security Pacific's \$100 million of five-year notes at par bearing a coupon of 10.5 percent. The coupon was obviously too thin as the paper was quoted at 97.5 at week's end.

The only new dollar offering to attract investors was made by IC

Industries. The size of the deal was increased to \$100 million from the \$75 million that had been initially indicated. The eight-year paper was offered at par bearing a coupon of 8 1/2 percent. But what attracted interest were the warrants.

Each \$1,000 bond carries two warrants. The first can be used to buy 20 IC shares at \$50 each during the next five years. The second can serve to buy another 20 shares at the same price or to buy another \$1,000 bond bearing a coupon of 11 percent and maturing in 1991.

The warrants were deemed very attractive. The bond, ex-warrant, was quoted at 84 for a yield of 12

percent. But the bond with warrant was quoted at par.

Given the uncertainty about the direction of DM interest rates and the much higher coupon available on paper denominated in European Currency Units (the DM accounts for 30 percent of the ECU's value), investors in Europe clearly are attracted to ECU paper.

The latest issue is for Rank Xerox, which is offering 50 million ECU of five-year notes at par bearing a coupon of 11 1/2 percent. Scheduled to be launched this week is an issue of 40 million ECU for Citicorp.

International Herald Tribune

Economists at UN Warn of New Debt Crisis

By Benj Khindaria

International Herald Tribune

GENEVA — Calls by Brazil, Peru, Chile and Argentina for nearly \$6 billion in new loans after getting emergency help late last year are only hints of a massive debt

problem involving a number of developing countries.

Economists at the United Nations Conference on Trade and Development (UNCTAD), which studies Third World economies, say that without financial help on an unprecedented scale a second huge wave of debt crises is liable to occur by the end of the year.

The secretary general of UNCTAD, Gamani Corea, fears that a worldwide depression will result unless quick efforts are made to prevent collapse in those countries where problems have gone unmitigated. Collectively, the countries hold more than half the total Third World debt of about \$700 billion.

While attention has been riveted on Brazil, Venezuela, Nigeria, Chile, Mexico, Argentina, Peru and Poland (Poland is not a developing nation) — where individual U.S. banks have large exposures —

smaller borrowers, which can together deal a worse blow to banks, have come closer to default, the economists say. The say the debt problem must be dealt with as a whole.

In a study published last week, Mr. Corea warned that Western economic recovery is seriously jeopardized by this hidden debt crisis.

"The danger of a major depression still remains and this must continue to be a major concern of policy," he said. "In fact, persistent recession and stagnation in other parts of the world [developing countries] can frustrate U.S. economic recovery."

The blow to economic recovery will come from Third World inability to buy Western products, particularly from the engineering, machinery and capital-goods sectors,

estate salesman who gained a reputation as a brilliant entrepreneur before he was 30.

Mr. Brookes' opposite number at P&O is Lord Inchcape, a graduate of Eton and Cambridge's Trinity College who is 65 and every bit the establishment figure that Mr. Brookes is not.

Several factors point to a lengthy battle. To start with, everyone except Trafalgar itself says its offer is too low. Trafalgar estimated that the bid was worth 210 pence per P&O share, about 35 percent more than what P&O had been trading at before word that Trafalgar had accumulated a stake of nearly 5 percent stake sent prices spurring upward in anticipation of the bid.

P&O claims that it has completed the worst part of a restructuring that has cut the shipping component to less than 50 percent of its assets, and that each P&O share should command 300 pence.

"Nigel Brookes knows that this company has been reorganizing very hard and that it hasn't come through in share prices yet," said Oliver Brooks, P&O's managing director.

The reorganization has been highlighted by the turnaround of Bovis, a construction company that P&O bought nine years ago in its first major diversification, the sale of unprofitable cargo ships and ferries, and the acquisition of Falco Inc., the largest independent oil traders in the United States.

Most analysts here agree with Mr. Brooks, up to a point. "They are coming to an end of a period of putting their house in order," said Alan Kelsey, a shipping analyst at Kitcat & Aitken. Mr. Kelsey ex-

pects P&O's pretax profits to rise from the £33.5 million (\$53.6 million) recorded in 1982 to £38.5 million this year and £50 million to £60 million in 1984.

But most analysts think that P&O's turnaround will not stop long-suffering shareholders from abandoning ship if Trafalgar's offer were to rise to 250 pence. Even after the response to Trafalgar's bid, P&O share prices are lower than they were a decade ago.

In that light, most analysts are convinced that Trafalgar's bid constituted a costly attempt to flush out potential competitors and to limit its commitment until it sees whether the bid will be referred to Britain's Monopolies Commission.

Combining the two companies' cruise fleets, led by Cunard's Queen Elizabeth 2 and P&O's Canberra, would give them as much as 15 percent of the cruise-ship market, while combining Bovis with Trafalgar's Trollope and Cols would create one of Britain's most formidable construction firms.

If the Monopolies Commission decides to study the bid, the offer would automatically lapse and there would be a delay of at least several weeks before a new one

could be made, leaving P&O time to mount other defenses.

Even though analysts see no real grounds for blocking the bid, it is fresh in everyone's minds that another well-connected British institution, Sotheby's, recently escaped the grasp of unwanted suitors from the United States by gaining a referral to the commission on vague "national interest" grounds.

P&O's national-interest argument relates to the need to keep as many ships as possible in the British merchant fleet for use by the Royal Navy in times of war.

"We couldn't cut down on the number of ships any faster than they have been doing it themselves," scoffed Eric W. Parker, Trafalgar's group managing director.

That is not to say that Trafalgar would reverse the P&O decision to downgrade cargo shipping.

Along with shipping analysts and most shippers here, Trafalgar appears convinced that Britain has little future in general cargo transport. Specialized shipping, such as technically sophisticated ships to handle chemicals, and high-value added shipping such as cruise ships are seen as areas where profitability is still possible.

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Arranged by

NMB BANK

Nederlandsche Middenstandsbank nv
Banque NMB-Interunion S.A.

March 1983

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(Worldbank)

Dfls 75,000,000
Fixed Rate Term Loan

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Kreditbank International Group
Kuwait International Investment Co. s.a.k.
Morgan Grenfell & Co. Limited
Yamaichi International (Nederland) N.V.

May 1983

Sales In		Net		Sales In			
100's High	Low	Cross	Chase	100's High	Low	Cross	Chase
1978	1979	1980	1981	1978	1979	1980	1981



WestLB

Westdeutsche Landesbank
A strong force in wholesale banking

(Continued from Page 11)

Sales in	100s	High	Low	Last	Chg
Forman	1234	17	13	14	+3
Forman	211	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3

Consolidated Trading OF AMEX Listings

Week Ended May 27	High	Low	Last	Chg
Forman	1234	17	13	14
Forman	211	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24

Volume: 66,800,000 shares
Year to Date: 64,200,000 shares
Issues traded in: 23
Advances: 261; declines: 231;
unchanged: 34
New Highs: 22; new Lows: 7

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The Holders of the above mentioned bonds are hereby informed that this year's redemption instalment of U.S. 1,028,000—maturing June 15, 1983 has been partially effected by repurchase in the market and partially by drawing by lot.

Amount repurchased: U.S. \$771,000—
Amount drawn: U.S. \$257,000—

The following bond numbers have been drawn by lot in the presence of a notary public:

—denominations of U.S. \$1,000—
8276-8285; 8302-8306; 8310; 8312; 8336-8393; 8395; 8397-8399;
8408-8419; 8474; 8476-8485; 8546-8550; 8818-8821; 8865-8866;
8934-8955

—denominations of U.S. \$250—
8701-8763; 8765-8794; 9051-9123; 9132-9134; 9136-9137; 9140;
9145-9150; 9152-9160; 9162-9168; 9173-9179; 9181; 9183-9195;
9197-9200; 9203-9273; 9282-9285

The bonds are called will become due and payable on and after June 15, 1983 at the offices of the paying agents mentioned in the terms and conditions of the bonds.

Furthermore it is recalled that the following bonds, drawn in previous years have not yet been presented for payment:

Maturity	U.S. \$1,000—	U.S. \$250—
15.6.1978		8764
15.6.1980	5332-5333	
15.6.1980		6262-6264; 6274; 6274-6275; 6284; 6300; 6505-6506; 6510-6511; 6558-6559; 6567-6568
15.6.1981		2979-2980
15.6.1982	1473	10459

Amount remaining outstanding after June 15, 1983:
U.S. \$2,236,000— represented by 1677 bonds of U.S. \$1,000—
2236 bonds of U.S. \$250—

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

Luxembourg, May 30, 1983.

Consolidated Trading
OF NYSE Listings

Week Ended May 27	High	Low	Last	Chg
Forman	1234	17	13	14
Forman	211	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24
Forman	17	27	23	24

**Amoco Refinery Sale
Put at \$275 Million**

NEW YORK — The Amoco Italia subsidiary of Standard Oil (Indiana) received about \$275 million for its 100,000-barrel-a-day refinery in Cremona, near Milan, in northern Italy, according to a Midwest Report.

The semi-monthly newsletter said the previously reported agreement to sell the refinery to Arabian Sea Oil includes a two-year technical agreement with Amoco for a possible expansion of the refinery.

INVESTISSEMENTS ATLANTIQUES
société anonyme

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DIVIDEND ANNOUNCEMENT

INVESTISSEMENTS ATLANTIQUES S.A. will pay a 1.50 SA dividend per share on or after June 30, 1983 to holders on record on May 20th, 1983.

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The dividend is payable to holders of bearer shares against presentation of coupon number 4.

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Over-the-Counter

Sales in	100s	High	Low	Last	Chg
Forman	1234	17	13	14	+3
Forman	211	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3

Sales in	100s	High	Low	Last	Chg
Forman	1234	17	13	14	+3
Forman	211	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3

Sales in	100s	High	Low	Last	Chg
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Forman	211	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3
Forman	17	27	23	24	+3

American Exchange Options

For the Week Ending May 27, 1983

Option & Price	Call	Put
Forman	1234	17
Forman	211	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27

Option & Price	Call	Put
Forman	1234	17
Forman	211	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27
Forman	17	27

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Norway	1,160	580	320
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May, 1983

SPORTS

Navratilova Is Upset by Horvath at French Open

Compiled by Our Staff From Dispatches
PARIS — Kathy Horvath scored a stunning upset in the French Open Tennis Championships, beating defending women's champion Martina Navratilova, 6-4, 6-3, in a fourth-round match.

Meanwhile, former champions Chris Evert Lloyd and Hana Mandlikova scored contrasting victories Sunday to fine up for their quarterfinal clash.

Evert, a four-time winner and the favorite again after the elimination of Navratilova, struggled to edge 18-year-old Hana Mandlikova, 6-2, 3-6, 6-3, while 1981 champion Mandlikova outclassed 17-year-old Andrea Temesvari, 6-2, 6-1.

Third-seeded Andrea Jaeger out-gunned Anne Hobbs, 6-2, 6-4, to earn a quarterfinal berth against Gretchen Rush, who downed Ivana Madruga-Osses, 6-3, 6-2.

The other half of the women's draw reaches the semifinal stage Monday when fourth-seeded Tracy Austin plays Jo Durie and Horvath faces Mima Jausovec, the 1977 French Open champion.

In men's action, Jimmy Connors, the No. 1 seed, reached the quarterfinals Sunday with a run-away 6-2, 6-1, 6-1 fourth-round victory over Eric Fromm. Connors' quarterfinal opponent will be Christophe Roger-Vasselin, a 6-2, 6-3, 1-6, 6-1 winner against Fernando Luma.

In another quarterfinal match, Yannick Noah, who defeated John Alexander, 6-2, 7-6, 6-1 after trailing 2-5 in the second set, faces third-seeded Ivan Lendl.

The Czech defeated 12th-seeded Brian Gottfried, 7-6, 6-4, 6-3.

On Saturday, John McEnroe, following the announcement of a \$3,000 fine for his court behavior last week, was in a subdued mood when he defeated Drew Gidlin, 6-3, 3-6, 6-3, for a place in the final 16. Also advancing were defending champion Mats Wilander, No. 4 Guillermo Vilas, Eliot Teltscher, Andrei Gorn, Jose Higueras, Henrik Sundstrom and Jimmy Arias, the Italian Open winner.

Evert conceded that Navratilova's defeat on Saturday had changed the situation. "The pressure is on me now," Evert said. "I don't want to jump the gun, but I have beaten everyone left in the tournament on clay."

Until her loss to Horvath, Navratilova had been on a winning streak of 39 matches and was the runaway favorite to win the title again.

Navratilova had never played well on the stadium's slow red clay courts until last year, when she won the title.

The upset in the fourth-round match occurred on center court of Roland Garros stadium before 12,000 noisy and excited fans.

Horvath, 17 and ranked 33d in the world, mixed her shots, kept Navratilova at the back of the court, and collected points with a two-handed backhand volley across the court that rarely failed.

Horvath came back from 2-4 to take four straight games for the first set. Navratilova outplayed her in the second and looked well in command, but in the final set Horvath broke service for 3-3 and then held on to win a long game.

As Navratilova tried sliced backhands that failed to carry in the difficult wind, her young opponent darted to the net and tucked away backhand volleys.

In the final set, Horvath broke through to a 5-3 lead. In the next game, she lost one match point but finally drove deep and forced Navratilova into a bad forehand to complete the surprising victory.

Horvath said she lost her concentration in the second set. "But I recovered my confidence in the third and felt I should go for it," she added.

Navratilova, last beaten by Evert in the final of the Australian Open, blamed her defeat on wrong tactics in the windy conditions.

"I should have driven my backhand," she said. "I played too many sliced backhands, and they didn't carry in the wind."

"She played well, but it was as well as I allowed her," Navratilova said. "I knew she has been playing better lately. People told me her forehand was better than her backhand, but I found out today her backhand is nothing to sneeze at."

"Losing today certainly has not set a tone for the rest of the year, though. It isn't a disaster for me. The pressure is off now," said Navratilova, who was beaten only three times last year and lost only four sets in her 39-match streak.

McEnroe, the No. 2 seed, hit shots of blinding brilliance in the last two sets of his match against Gidlin. He behaved faultlessly and gave only a puzzled look when he got a questionable line call.

McEnroe's fines were announced by Marshall Happer, administrator of the Men's International Professional Tennis Council after an inquiry into videotapes and testimony from witnesses after McEnroe's match against Ben Testerman last Wednesday.

McEnroe was fined \$1,500 for physical abuse. This referred to an incident in which he kicked a press camera at the back of the court. He was fined another \$1,500 for verbal abuse. Press reports said he called a linesman obscene names.

There were more incidents in McEnroe's second match against Alberto Tomba, but the MITC took no action on these.

The fines brought the total penalties against McEnroe in the last year to \$5,750. If he collects more fines in this event and exceeds the limit of \$7,500, McEnroe would be automatically suspended from Grand Prix tournaments for six weeks — a ban that would mean missing Wimbledon. McEnroe, however, would have the right of appeal.

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